



Great outcomes.
Done well.

City of Racine

Water System Plan of Finance

October 26, 2009

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City of Racine
Summary of Recommended Financing Plan



I. Estimated Amount of Borrowing / Purpose / Structure:

Water System Mortgage Revenue Bonds: Approximately \$3,500,000

Purpose: Finance Capital Expenditures for the Water Utility

Term: Matures Annually 09/01/2012 – 09/01/2029

Callable: 2020 and Thereafter Callable 09/01/2019

Detailed Financing Plan: Attached

II. Timeline

SEPTEMBER 2009						
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 2009						
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

NOVEMBER 2009						
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					

DECEMBER 2009						
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		

- Water Commission considers Plan of Finance:.....**September 29, 2009**
- City Council considers communication from Water Commission: **October 20, 2009**
 - Refers to Financing Committee
- Finance Committee considers Plan of Finance: **October 26, 2009**
- Preparations are made for the issuance (compilation of Preliminary Official Statement, rating, marketing)
- City Council -- second reading of Ordinance: **November 17, 2009**
 - This step locks-in interest rates and terms for the borrowing
- Closing: **Early December 2009**

III. Detailed Financing Plan

- **Attached**

City of Racine
Summary of Recommended Financing Plan



Tax Exempt Water Utility Example Financing Plan

CALENDAR	EXISTING DEBT SERVICE	PRELIMINARY \$3,500,000			COMBINED DEBT SERVICE	COVERAGE RATIO (with example rate increase) (A)
		Waterworks System Mortgage Revenue Bonds Dated December 8, 2009 (First interest 3/1/10)				
		PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	TOTAL		
			EST TIC = 5.17%			
2009	\$6,489,811				\$6,489,811	1.60
2010	\$6,159,650		\$131,014	\$131,014	\$6,290,664	1.65
2011	\$6,141,985		\$179,335	\$179,335	\$6,321,320	1.64
2012	\$6,147,730	\$25,000	\$179,335	\$204,335	\$6,352,065	1.64
2013	\$6,137,388	\$25,000	\$178,398	\$203,398	\$6,340,786	1.64
2014	\$6,106,879	\$25,000	\$177,398	\$202,398	\$6,309,276	1.65
2015	\$6,117,218	\$25,000	\$176,335	\$201,335	\$6,318,553	1.64
2016	\$5,542,972	\$170,000	\$175,210	\$345,210	\$5,888,182	1.76
2017	\$5,555,056	\$180,000	\$167,475	\$347,475	\$5,902,531	1.76
2018	\$5,521,403	\$190,000	\$158,475	\$348,475	\$5,869,878	1.77
2019	\$4,712,161	\$200,000	\$148,975	\$348,975	\$5,061,136	2.05
2020	\$4,726,504	\$210,000	\$138,975	\$348,975	\$5,075,479	2.05
2021	\$4,723,541	\$220,000	\$127,950	\$347,950	\$5,071,491	2.05
2022	\$3,768,746	\$230,000	\$116,400	\$346,400	\$4,115,146	2.52
2023	\$3,766,508	\$245,000	\$104,325	\$349,325	\$4,115,833	2.52
2024	\$3,769,918	\$255,000	\$91,463	\$346,463	\$4,116,381	2.52
2025	\$894,325	\$270,000	\$78,075	\$348,075	\$1,242,400	8.36
2026	\$895,613	\$285,000	\$64,305	\$349,305	\$1,244,918	8.34
2027		\$300,000	\$49,628	\$349,628	\$349,628	29.71
2028		\$315,000	\$34,028	\$349,028	\$349,028	29.76
2029		\$330,000	\$17,490	\$347,490	\$347,490	29.90
TOTAL	<u>\$87,177,408</u>	<u>\$3,500,000</u>	<u>\$2,494,587</u>	<u>\$5,994,587</u>	<u>\$93,171,994</u>	

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

	2008 with example rate increase
Gross Revenues:	\$20,623,311
Less: Current Expenses:	(\$10,234,524)
Net Revenues:	<u>\$10,388,787</u>

City of Racine

Summary of Recommended Financing Plan



Sources and Uses

City of Racine

\$3,500,000

Waterworks System Mortgage Revenue Bonds

Dated/Close: December 8, 2009

Sources & Uses

Dated 12/08/2009 | Delivered 12/08/2009

Sources Of Funds

Transfers from Prior Issue DSR Funds	4,450,700.23
Par Amount of Bonds	\$3,500,000.00
Reoffering Premium	49,694.65
Total Sources	\$8,000,394.88

Uses Of Funds

Deposit to Debt Service Reserve Fund (DSRF)	4,652,420.91
Deposit to Project Construction Fund	3,273,000.00
Total Underwriter's Discount (1.400%)	49,000.00
Rating Agency Fee (Estimated)	11,450.00
Bond Counsel (Estimated)	9,500.00
Rounding Amount	3,473.97
POS/Official Statement	1,200.00
Fiscal Agent Fee (Estimated)	350.00
Total Uses	\$8,000,394.88