

BAIRD

City of Racine

Finance Committee Meeting

October 9, 2017

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City of Racine

Finance Committee Meeting

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Timeline

- Finance Committee Meeting to discuss financing October 9, 2017
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- City Council receives recommendation from Finance Committee..... October 17, 2017
- City Council considers Award Resolution (finalizes terms and interest rates)..... November 7, 2017
- Closing (funds available).....December 5, 2017

Borrowing / Structure / Purpose

Approximate Size:	\$19,680,000
Issue:	G.O. Refunding Bonds
Purpose:	<ul style="list-style-type: none"> • \$11,165,000 Refund 2017 NANs • \$8,515,000 Advance Refund Series 2008 and 2011 G.O. Bonds
Structure:	Matures June 1, 2018-2019 ; December 1, 2019-2031
First Interest:	June 1, 2018
Callable:	December 1, 2027
Estimated Rate:	2.45%

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Financing Plan



CIP: \$9,680,000	POS
Equip: \$2,120,000	
\$11,800,000	
NANs	\$11,165,000
Dated: Sept. 26, 2017	GENERAL OBLIGATION REFUNDING BONDS
Due: August 15, 2018	12/5/2017
	<i>14-Year Amortization</i>

LEVY YEAR	YEAR DUE	EXISTING DEBT SERVICE (A)	INTEREST	CIP		EQUIPMENT		TOTAL	FUTURE ISSUES (C)	COMBINED NET DEBT SERVICE	GROWTH	FUTURE ANNUAL BORROWING AMOUNT (C)	
				PRINCIPAL (12/1)	INTEREST (6/1 & 12/1)	PRINCIPAL (6/1)	INTEREST (6/1 & 12/1)						
			TIC = 2.45%										
												TIC = 2.67%	
2016	2017	\$17,507,429	\$75,717							\$17,507,429		2017	
2017	2018	\$16,188,393								\$17,599,060	0.52%	2018	\$14,300,000
2018	2019	\$13,336,306	NAN Principal and	\$545,000	\$345,950	\$1,090,000	\$68,561	\$1,410,667	\$2,343,000	\$17,687,506	0.50%	2019	\$12,500,000
2019	2020	\$11,434,914	Interest Refunded	\$570,000	\$324,150			\$894,150	\$5,447,600	\$17,776,664	0.50%	2020	\$12,750,000
2020	2021	\$9,778,062	with Bonds;	\$590,000	\$301,350			\$891,350	\$7,195,200	\$17,864,612	0.49%	2021	\$13,005,000
2021	2022	\$9,037,595	NANs to be called	\$615,000	\$277,750			\$892,750	\$8,022,100	\$17,952,445	0.49%	2022	\$13,265,000
2022	2023	\$8,315,136	12/20/2017	\$640,000	\$253,150			\$893,150	\$8,833,500	\$18,041,786	0.50%	2023	\$13,530,000
2023	2024	\$6,612,479		\$665,000	\$227,550			\$892,550	\$10,624,800	\$18,129,829	0.49%	2024	\$13,800,000
2024	2025	\$5,729,050		\$690,000	\$200,950			\$890,950	\$11,601,600	\$18,221,600	0.51%	2025	\$14,080,000
2025	2026	\$4,684,600		\$720,000	\$173,350			\$893,350	\$12,735,000	\$18,312,950	0.50%	2026	\$14,360,000
2026	2027	\$3,694,400		\$750,000	\$144,550			\$894,550	\$13,817,800	\$18,406,750	0.51%	2027	\$14,645,000
2027	2028	\$2,737,600	(B)	\$775,000	\$114,550			\$889,550	\$14,871,300	\$18,498,450	0.50%	2028	\$14,935,000
2028	2029	\$1,869,250		\$810,000	\$83,550			\$893,550	\$15,830,900	\$18,593,700	0.51%	2029	\$15,235,000
2029	2030	\$967,200		\$840,000	\$51,150			\$891,150	\$16,829,900	\$18,688,250	0.51%	2030	\$15,540,000
2030	2031			\$865,000	\$25,950			\$890,950	\$17,891,000	\$18,781,950	0.50%	2031	\$15,855,000
		<u>\$111,892,415</u>		<u>\$9,075,000</u>	<u>\$2,866,056</u>	<u>\$2,090,000</u>	<u>\$95,811</u>	<u>\$14,126,867</u>	<u>\$146,043,700</u>	<u>\$272,062,982</u>		<u>\$197,800,000</u>	

(A) Levy Supported net of BABs subsidy; includes WRS related debt service. Net of preliminary advance refunding.

(B) Indicates Maturities callable in 2027 or after.

(C) Assumes annual borrowings beginning in 2018 with an average interest rate of 4%:

	<u>Short Term Borrowing</u>	<u>Long Term Borrowing</u>
2018	2,800,000	11,500,000
2019	2,300,000	10,200,000
2020 & thereafter: 2% annual growth in amount borrowed		

This information is provided for information purposes only. It does not recommend any future issuances and is not intended to be, and should not be regarded as, advice.

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Advance Refunding Illustration of 2008 and 2011 Bonds



Calendar Year	BEFORE REFINANCING						AFTER REFINANCING						POTENTIAL DEBT SERVICE SAVINGS			
	\$7,680,000 G.O. Refunding Bonds (CR) Dated December 9, 2008			\$8,080,000 G.O. Refunding Bonds (CR) Dated October 25, 2011			\$7,680,000 G.O. Refunding Bonds (CR) Dated December 9, 2008		\$8,080,000 G.O. Refunding Bonds (CR) Dated October 25, 2011		\$8,515,000 G.O. Refunding Bonds (AR) - POS Dated December 5, 2017 ⁽¹⁾			TOTAL NEW DEBT SERVICE		
	PRINCIPAL (12/1)	RATE	INTEREST (6/1 & 12/1)	PRINCIPAL (12/1)	RATE	INTEREST (6/1 & 12/1)	PRINCIPAL (12/1)	INTEREST (6/1 & 12/1)	PRINCIPAL (12/1)	INTEREST (6/1 & 12/1)	PRINCIPAL (12/1)	INTEREST (6/1 & 12/1)		TOTAL		
2017	\$625,000	4.500%	\$93,000			\$304,200	\$1,022,200	\$625,000	\$93,000			\$304,200		\$1,022,200	\$0	
2018	\$650,000	4.750%	\$64,875			\$304,200	\$1,019,075	\$650,000	\$30,875			\$336,816	\$336,816	\$1,017,691	\$1,384	
2019	\$680,000	5.000%	\$34,000			\$304,200	\$1,018,200	***		\$680,000	\$340,600	\$1,020,600	\$1,020,600	\$1,020,600	(\$2,400)	
2020	**	5.000%				\$304,200	\$304,200	**			\$313,400	\$313,400	\$313,400	\$313,400	(\$9,200)	
2021	**	5.000%		\$1,850,000	3.500%	\$304,200	\$2,154,200	**	***	\$1,790,000	\$313,400	\$2,103,400	\$2,103,400	\$2,103,400	\$50,800	
2022	**	5.000%		\$1,950,000	3.500%	\$239,450	\$2,189,450	**	***	\$1,900,000	\$241,800	\$2,141,800	\$2,141,800	\$2,141,800	\$47,650	
2023				\$2,050,000	4.000%	\$171,200	\$2,221,200		***	\$2,005,000	\$165,800	\$2,170,800	\$2,170,800	\$2,170,800	\$50,400	
2024				\$1,180,000	4.000%	\$89,200	\$1,269,200		***	\$1,135,000	\$85,600	\$1,220,600	\$1,220,600	\$1,220,600	\$48,600	
2025				\$1,050,000	4.000%	\$42,000	\$1,092,000		***	\$1,005,000	\$40,200	\$1,045,200	\$1,045,200	\$1,045,200	\$46,800	
	\$1,955,000		\$191,875	\$8,080,000		\$2,062,850	\$12,289,725	\$1,275,000	\$123,875	\$0	\$304,200	\$8,515,000	\$1,837,616	\$10,352,616	\$12,055,691	\$234,034

Maturities callable 12/1/2018 or any date thereafter.

Maturities callable 12/1/2020 or any date thereafter.

CALLABLE MATURITIES
** Refunded by 12/9/2014 Bonds

*** REFINANCED WITH 2017 ISSUE.

ROUNDING AMOUNT..... \$1,451
POTENTIAL GROSS SAVINGS..... \$235,486

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates for municipal bonds as of 10/2/17. 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) POTENTIAL PRESENT VALUE SAVINGS \$..... \$206,885
POTENTIAL PRESENT VALUE SAVINGS %..... 2.362%

(2) Present value calculated using the All Inclusive Cost (AIC) of 2.16% as the discount rate.

POTENTIAL NEGATIVE ARBITRAGE \$..... 174,077

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	3.929%	\$344,191
-0.20%	3.407%	\$298,465
-0.10%	2.885%	\$252,700
+0.10%	1.840%	\$161,149
+0.20%	1.315%	\$115,183
+0.30%	0.791%	\$69,291