

BAIRD

City of Racine

2016 Financing Discussion

July 25, 2016

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City of Racine

2016 FINANCING DISCUSSION

July 25, 2016

Timeline



- Finance Committee Meeting to discuss financings..... July 25, 2016
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- City Council receives recommendation from Finance Committee..... August 1, 2016
- City Council considers Award Resolutions (finalizes terms and interest rates) August 16, 2016
- Closing (funds available)..... September 7, 2016

City of Racine

2016 FINANCING DISCUSSION

July 25, 2016

Borrowing / Structure / Purpose



Approximate Size:	\$11,735,000	Approximate Size:	\$3,715,000
Issue:	Note Anticipation Notes	Issue:	Water System Mortgage Revenue Refunding Bonds
Purpose:	2016 CIP Projects	Purpose:	Refunds Remaining 2007 Revenue Bonds
Structure:	Matures August 15, 2017	Structure:	Matures Sept. 1, 2017 – 2021
First Interest:	August 15, 2017	First Interest:	March 1, 2017
Callable:	Dec. 19, 2016 and thereafter	Callable:	Noncallable
Estimated Rate:	2.20%	Estimated Rate:	1.30%
		Estimated Savings:	\$365,002 ¹

¹ Present value calculated using the All-Inclusive Cost (AIC) of 1.63% as the discount rate.

City of Racine

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Illustration of Hypothetical Revenue Refinancing

Calendar Year	BEFORE REFINANCING				AFTER REFINANCING					POTENTIAL DEBT SERVICE SAVINGS	
	\$18,980,000 Water Sys Mort Rev Ref Bonds (AR) Dated April 2, 2007			TOTAL DEBT SERVICE	\$18,980,000 Water Sys Mort Rev Ref Bonds (AR) Dated April 2, 2007		\$3,715,000 Water Sys Mort Rev Ref Bonds (CR) Dated September 7, 2016 ⁽¹⁾		TOTAL NEW DEBT SERVICE		
	PRINCIPAL (9/1)	RATE	INTEREST (3/1 & 9/1)		PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	TOTAL		
2016	\$1,280,000	4.250%	\$240,600	\$1,520,600	\$1,280,000	\$240,600				\$1,520,600	\$0
2017	\$760,000	4.250%	\$186,200	\$946,200	***		\$745,000	\$88,008	\$833,008	\$833,008	\$113,192
2018	\$755,000	4.750%	\$153,900	\$908,900	***		\$720,000	\$74,600	\$794,600	\$794,600	\$114,300
2019	\$790,000	4.750%	\$118,038	\$908,038	***		\$730,000	\$60,200	\$790,200	\$790,200	\$117,838
2020	\$830,000	4.750%	\$80,513	\$910,513	***		\$750,000	\$45,600	\$795,600	\$795,600	\$114,913
2021	\$865,000	4.750%	\$41,088	\$906,088	***		\$770,000	\$23,100	\$793,100	\$793,100	\$112,988
	\$5,280,000		\$820,338	\$6,100,338	\$1,280,000	\$240,600	\$3,715,000	\$291,508	\$4,006,508	\$5,527,108	\$573,229

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

CALLABLE MATURITIES

*** REFINANCED WITH 2016 ISSUE.

LESS CHANGE IN DEBT SERVICE RESERVE FUND.....	(\$182,767)
ROUNDING AMOUNT.....	\$334
GROSS SAVINGS.....	\$390,797

(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 6/28/16. 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 SAVINGS \$.....	\$365,002
PRESENT VALUE SAVINGS %.....	9.125%

(2) Present value calculated using the All Inclusive Cost (AIC) of 1.63% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	10.084%	\$403,376
-0.20%	9.763%	\$390,526
-0.10%	9.443%	\$377,736
+0.10%	8.810%	\$352,390
+0.20%	8.494%	\$339,760
+0.30%	8.180%	\$327,193

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