



City of Racine

Finance Committee Meeting

August 26, 2019

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City of Racine

FINANCE COMMITTEE MEETING

August 26, 2019

Timeline

- Finance Committee Meeting to discuss financing plans August 26, 2019
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- City Council receives recommendation from Finance Committee.....September 3, 2019
- City Council considers Award Resolutions (finalizes terms and interest rates).....September 17, 2019
- Closing (funds available)..... October 1, 2019

Borrowing / Structure / Purpose

Approximate Size:	\$14,330,000	\$3,645,000
Issue:	Note Anticipation Notes	General Obligation Refunding Bonds
Purpose:	Capital Improvement Projects & Equipment	Refinance 2009 BABs & 2010 Bonds
Structure:	Matures April 1, 2020	Matures December 1, 2020-2023
First Interest:	April 1, 2020	June 1, 2020
Callable:	December 20, 2019	Non-callable
Estimated Rate:	2.74%	1.88%
Estimated Savings¹:	N/A	\$99,430

¹ Present value calculated using the All-Inclusive Cost (AIC) of 2.24% as the discount rate.



Illustration of 2009 BABs & 2010 Bonds Refinancing

BEFORE REFINANCING								
Calendar Year	\$7,760,000 Taxable G.O. Refunding Bonds (BABs - DP) Dated December 8, 2009				\$3,895,000 G.O. Refunding Bonds (AR) Dated July 27, 2010			TOTAL DEBT SERVICE
	PRINCIPAL (12/1)	RATE	INTEREST (6/1 & 12/1)	BABs SUBSIDY ⁽²⁾ -35.00%	PRINCIPAL (12/1)	RATE	INTEREST (6/1 & 12/1)	
2019	\$640,000	4.600%	\$171,368	(\$56,350)	\$445,000	4.000%	\$55,800	\$1,255,818
2020	\$655,000	4.950%	\$141,928	(\$46,744)	\$465,000	4.000%	\$38,000	\$1,253,184
2021	\$680,000	5.100%	\$109,505	(\$36,065)	\$485,000	4.000%	\$19,400	\$1,257,840
2022	\$700,000	5.200%	\$74,825	(\$24,644)				\$750,181
2023	\$725,000	5.300%	\$38,425	(\$12,655)				\$750,770
	<u>\$3,400,000</u>		<u>\$536,050</u>	<u>(\$176,458)</u>	<u>\$1,395,000</u>		<u>\$113,200</u>	<u>\$5,267,792</u>

Callable 12/1/19 @ Par
Levy supported

Callable 12/1/18 @ Par
TID #9 supported

CALLABLE MATURITIES

(2) BABs subsidy reduced by 6.2% on 6/1/19 and 5.9% on 12/1/19 and thereafter (Sequestration).

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	3.409%	\$126,473
-0.20%	3.164%	\$117,399
-0.10%	2.923%	\$108,439
0.10%	2.437%	\$90,419
0.20%	2.196%	\$81,456
0.30%	1.957%	\$72,604



Illustration of 2009 BABs & 2010 Bonds Refinancing (Cont.)

AFTER REFINANCING									
\$7,760,000 Taxable G.O. Refunding Bonds (BABs - DP) Dated December 8, 2009			\$3,895,000 G.O. Refunding Bonds (AR) Dated July 27, 2010		\$3,645,000 G.O. Refunding Bonds Dated October 1, 2019⁽¹⁾			TOTAL NEW DEBT SERVICE	POTENTIAL DEBT SERVICE SAVINGS
PRINCIPAL (12/1)	INTEREST (6/1 & 12/1)	BABs SUBSIDY ^(2a) -35.00%	PRINCIPAL (12/1)	INTEREST (6/1 & 12/1)	PRINCIPAL (12/1)	INTEREST (6/1 & 12/1)	TOTAL		
\$640,000	\$171,368	(\$56,350)	\$445,000	\$36,800	\$1,095,000	\$127,575	\$1,222,575	\$1,236,818	\$19,000
***			***		\$1,150,000	\$76,500	\$1,226,500	\$1,222,575	\$30,609
***			***		\$690,000	\$42,000	\$732,000	\$1,226,500	\$31,340
***					\$710,000	\$21,300	\$731,300	\$732,000	\$18,181
							\$731,300	\$731,300	\$19,470
\$640,000	\$171,368	(\$56,350)	\$445,000	\$36,800	\$3,645,000	\$267,375	\$3,912,375	\$5,149,193	\$118,599

*** REFINANCED WITH 2019 ISSUE.

LESS TRANSFER FROM PRIOR ISSUE D/S FUND.....	(\$19,000)
ROUNDING AMOUNT.....	\$5,032
POTENTIAL GROSS SAVINGS.....	\$104,632

⁽³⁾ POTENTIAL PRESENT VALUE SAVINGS.....	\$99,430
POTENTIAL PV SAVINGS %.....	2.680%

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates for municipal bonds +15bpts as of 8/6/19. 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.

(2a) Assumes 12/1/19 subsidy payment is received.

(3) Present value calculated using the All Inclusive Cost (AIC) of 2.24% as the discount rate.