City of Racine

Presentation of the Finance Committee

September 24, 2007

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Great outcomes. Done well.

City of Racine
Summary of Financing Plans

I. Borrowing Amount / Structure:

A. $7,640,000 General Obligation Refunding Bonds

Purpose: Provides long-term financing of NAN issued July 31, 2007.

Term: Matures annually 2008-2021.

Call Provisions: Bonds maturing 2018-2021 callable 2017.

Structure: Four scenarios are attached targeting a 7% through 10% annual levy increase until the combined debt service reaches a plateau.

B. $6,375,000 General Obligation Refunding Bonds

Purpose: Refund two 1993 bonds issued for TIF's 7 and 8 for debt service savings.

Estimated Total Savings (after costs): $278,918.

Term: Matures annually 2008-2012.

Call: Noncallable.

Structure: Does not change prior structure. Detailed analysis attached.

II. Standard & Poor's Rating (Recommended)

Baird, in conjunction with City Staff, will prepare the necessary information for an S & P rating for the Issue.

III. Procedure

- Finance Committee considers plans of finance: September 24, 2007.
- Council considers Finance Committee recommendation: October 2, 2007.
- Baird and City staff prepares necessary information and submits it to S & P for credit rating.
- Preparations are made for the issuance (compilation of Preliminary Official Statement, marketing).
- Baird underwrites the issues and presents available interest rates to the Council: October 16, 2007.

City of Racine

Long-Term Capital Improvement Plan

SCENARIO 1
7% Increase in Debt Service /
Level Combined Debt Service

			FINAL	PRELIMINARY									
			$7,500,000 **NANs** **Dated: July 31, 2007** **Due: December 27, 2007**	**$7,640,000** **G.O. Refunding Bonds** **Dated: November 1, 2007** *14-Year Amortization*		**$7,500,000** **G.O. Bonds** **Dated June 1, 2008** *15-Year Amortization*		**$7,650,000** **G.O. Bonds** **Dated June 1, 2009** *15-Year Amortization*					
LEVY YEAR	YEAR DUE	EXISTING DEBT SERVICE *(A)*	INTEREST **AVG = 4.50%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 4.67%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 5.00%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 5.00%**	NEW ISSUES DEBT SERVICE	FUTURE ISSUES *(C)*	COMBINED NET DEBT SERVICE	GROWTH
2006	2007	$7,405,071	$137,813							$0		$7,405,071	
2007	2008	$7,364,405		$185,000	$377,230					$562,230		$7,926,635	7.04%
2008	2009	$7,383,501	***NAN Principal and***	$265,000	$340,813		$562,500			$1,168,313		$8,551,814	7.89%
2009	2010	$7,397,789	***Interest Paid at***	$275,000	$330,213	$225,000	$375,000		$573,750	$1,778,963		$9,176,751	7.31%
2010	2011	$7,650,339	***Maturity with Bonds*** *(B)*	$285,000	$318,525	$235,000	$363,750	$75,000	$382,500	$1,659,775	$585,375	$9,895,489	7.83%
2011	2012	$7,884,683		$295,000	$306,413	$250,000	$352,000	$150,000	$378,750	$1,732,163	$987,250	$10,604,095	7.16%
2012	2013	$7,998,145		$585,000	$293,875	$260,000	$339,500	$150,000	$371,250	$1,999,625	$1,397,250	$11,395,020	7.46%
2013	2014	$8,487,140		$610,000	$269,013	$270,000	$326,500	$155,000	$363,750	$1,994,263	$1,815,625	$12,297,028	7.92%
2014	2015	$8,801,718		$640,000	$241,563	$655,000	$313,000		$356,000	$2,205,563	$2,242,250	$13,249,530	7.75%
2015	2016	$9,366,418		$670,000	$212,763	$690,000	$280,250		$356,000	$2,209,013	$2,677,125	$14,252,555	7.57%
2016	2017	$9,666,245		$700,000	$182,613	$725,000	$245,750	$265,000	$356,000	$2,474,363	$3,121,000	$15,261,608	7.08%
2017	2018	$7,808,665		$730,000	$151,113	$760,000	$209,500	$1,010,000	$342,750	$3,203,363	$5,229,500	$16,241,528	6.42%
2018	2019	$4,893,825		$765,000	$118,263	$795,000	$171,500	$1,060,000	$292,250	$3,202,013	$8,150,875	$16,246,713	0.03%
2019	2020	$2,932,761		$800,000	$83,838	$835,000	$131,750	$1,110,000	$239,250	$3,199,838	$10,109,250	$16,241,849	-0.03%
2020	2021	$1,629,693		$835,000	$43,838	$880,000	$90,000	$1,165,000	$183,750	$3,197,588	$11,406,875	$16,234,155	-0.05%
2021	2022	$1,662,131				$920,000	$46,000	$1,225,000	$125,500	$2,316,500	$12,263,375	$16,242,006	0.05%
2022	2023	$1,697,025						$1,285,000	$64,250	$1,349,250	$13,193,750	$16,240,025	-0.01%
		$110,029,552	$137,813	$7,640,000	$3,270,068	$7,500,000	$3,807,000	$7,650,000	$4,385,750	$34,252,818	$73,179,500	$217,461,870	

(A) Levy Supported; includes UFPL refinancing and is net of CVMIC revenues.
(B) Estimated investment earnings on Bond Proceeds from 10/1/07 to 12/27/07 at 5% is $91,255; to be applied to Debt Service Account.
(C) Future Issues consist of a borrowing of $7,805,000 in 2010 growing at 2% annually with an average interest rate of 5%.

City of Racine

Long-Term Capital Improvement Plan

SCENARIO 2
8% Increase in Debt Service /
Level Combined Debt Service

			FINAL	PRELIMINARY									
			$7,500,000 NANs Dated: July 31, 2007 Due: December 27, 2007	**$7,640,000 G.O. Refunding Bonds Dated: November 1, 2007** *14-Year Amortization*		**$7,500,000 G.O. Bonds Dated June 1, 2008** *15-Year Amortization*		**$7,650,000 G.O. Bonds Dated June 1, 2009** *15-Year Amortization*					
LEVY YEAR	YEAR DUE	EXISTING DEBT SERVICE *(A)*	INTEREST **AVG = 4.50%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 4.66%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 5.00%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 5.00%**	NEW ISSUES DEBT SERVICE	FUTURE ISSUES *(C)*	COMBINED NET DEBT SERVICE	GROWTH
2006	2007	$7,405,071	$137,813							$0		$7,405,071	
2007	2008	$7,364,405		$260,000	$375,957					$635,957		$8,000,362	8.04%
2008	2009	$7,383,501	***NAN Principal and***	$300,000	$336,638	$65,000	$562,500			$1,264,138		$8,647,639	8.09%
2009	2010	$7,397,789	***Interest Paid at***	$310,000	$324,638	$260,000	$371,750	$105,000	$573,750	$1,945,138		$9,342,926	8.04%
2010	2011	$7,650,339	***Maturity with Bonds*** *(B)*	$325,000	$311,463	$275,000	$358,750	$260,000	$377,250	$1,907,463	$585,375	$10,143,176	8.57%
2011	2012	$7,884,683		$340,000	$297,650	$285,000	$345,000	$455,000	$364,250	$2,086,900	$987,250	$10,958,833	8.04%
2012	2013	$7,998,145		$565,000	$283,200	$525,000	$330,750	$480,000	$341,500	$2,525,450	$1,397,250	$11,920,845	8.78%
2013	2014	$8,487,140		$590,000	$259,188	$555,000	$304,500	$505,000	$317,500	$2,531,188	$1,915,625	$12,933,953	8.50%
2014	2015	$8,801,718		$615,000	$232,638	$580,000	$276,750	$530,000	$292,250	$2,526,638	$2,637,250	$13,965,605	7.98%
2015	2016	$9,366,418		$645,000	$204,963	$610,000	$247,750	$555,000	$265,750	$2,528,463	$3,152,125	$15,047,005	7.74%
2016	2017	$9,666,245		$675,000	$175,938	$640,000	$217,250	$585,000	$238,000	$2,531,188	$3,271,000	$15,468,433	2.80%
2017	2018	$7,808,665		$705,000	$145,563	$670,000	$185,250	$615,000	$208,750	$2,529,563	$5,111,250	$15,449,478	-0.12%
2018	2019	$4,893,825		$735,000	$113,838	$705,000	$151,750	$645,000	$178,000	$2,528,588	$8,033,625	$15,456,038	0.04%
2019	2020	$2,932,761		$770,000	$80,763	$740,000	$116,500	$675,000	$145,750	$2,528,013	$9,995,250	$15,456,024	0.00%
2020	2021	$1,629,693		$805,000	$42,263	$775,000	$79,500	$710,000	$112,000	$2,523,763	$11,301,125	$15,454,580	-0.01%
2021	2022	$1,662,131				$815,000	$40,750	$745,000	$76,500	$1,677,250	$12,115,625	$15,455,006	0.00%
2022	2023	$1,697,025						$785,000	$39,250	$824,250	$12,936,250	$15,457,525	0.02%
		$110,029,552	$137,813	$7,640,000	$3,184,695	$7,500,000	$3,588,750	$7,650,000	$3,530,500	$33,093,945	$73,439,000	$216,562,497	

(A) Levy Supported; includes UFPL refinancing and is net of CVMIC revenues.
(B) Estimated investment earnings on Bond Proceeds from 10/1/07 to 12/27/07 at 5% is $91,255; to be applied to Debt Service Account.
(C) Future Issues consist of a borrowing of $7,805,000 in 2010 growing at 2% annually with an average interest rate of 5%.

City of Racine

Long-Term Capital Improvement Plan

SCENARIO 3
9% Increase in Debt Service /
Level Combined Debt Service

			FINAL	PRELIMINARY									
			$7,500,000 NANs Dated: July 31, 2007 Due: December 27, 2007	**$7,640,000 G.O. Refunding Bonds Dated: November 1, 2007** *14-Year Amortization*		**$7,500,000 G.O. Bonds Dated June 1, 2008** *15-Year Amortization*		**$7,650,000 G.O. Bonds Dated June 1, 2009** *15-Year Amortization*					
LEVY YEAR	YEAR DUE	EXISTING DEBT SERVICE *(A)*	INTEREST **AVG = 4.50%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 4.65%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 5.00%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG = 5.00%**	NEW ISSUES DEBT SERVICE	FUTURE ISSUES *(C)*	COMBINED NET DEBT SERVICE	GROWTH
2006	2007	$7,405,071	$137,813							$0		$7,405,071	
2007	2008	$7,364,405		$385,000	$372,491					$757,491		$8,121,896	9.68%
2008	2009	$7,383,501	***NAN Principal and***	$425,000	$328,438	$215,000	$562,500			$1,530,938		$8,914,439	9.76%
2009	2010	$7,397,789	***Interest Paid at***	$445,000	$311,438	$410,000	$364,250	$215,000	$573,750	$2,319,438		$9,717,226	9.01%
2010	2011	$7,650,339	***Maturity with Bonds** (B)*	$465,000	$292,525	$430,000	$343,750	$420,000	$371,750	$2,323,025	$685,375	$10,658,739	9.69%
2011	2012	$7,884,683		$480,000	$272,763	$455,000	$322,250	$440,000	$350,750	$2,320,763	$1,432,250	$11,637,695	9.18%
2012	2013	$7,998,145		$505,000	$252,363	$475,000	$299,500	$465,000	$328,750	$2,325,613	$2,364,750	$12,688,508	9.03%
2013	2014	$8,487,140		$525,000	$230,900	$500,000	$275,750	$485,000	$305,500	$2,322,150	$3,018,375	$13,827,665	8.98%
2014	2015	$8,801,718		$550,000	$207,275	$525,000	$250,750	$510,000	$281,250	$2,324,275	$3,676,000	$14,801,993	7.05%
2015	2016	$9,366,418		$575,000	$182,525	$550,000	$224,500	$535,000	$255,750	$2,322,775	$3,112,125	$14,801,318	0.00%
2016	2017	$9,666,245		$600,000	$156,650	$580,000	$197,000	$245,000	$229,000	$2,007,650	$3,128,250	$14,802,145	0.01%
2017	2018	$7,808,665		$625,000	$129,650	$605,000	$168,000	$635,000	$216,750	$2,379,400	$4,612,500	$14,800,565	-0.01%
2018	2019	$4,893,825		$655,000	$101,525	$640,000	$137,750	$670,000	$185,000	$2,389,275	$7,517,525	$14,800,625	0.00%
2019	2020	$2,932,761		$685,000	$72,050	$670,000	$105,750	$700,000	$151,500	$2,384,300	$9,485,400	$14,802,461	0.01%
2020	2021	$1,629,693		$720,000	$37,800	$705,000	$72,250	$740,000	$116,500	$2,391,550	$10,778,025	$14,799,268	-0.02%
2021	2022	$1,662,131				$740,000	$37,000	$775,000	$79,500	$1,631,500	$11,505,775	$14,799,406	0.00%
2022	2023	$1,697,025						$815,000	$40,750	$855,750	$12,244,900	$14,797,675	-0.01%
		$110,029,552	$137,813	$7,640,000	$2,948,391	$7,500,000	$3,361,000	$7,650,000	$3,486,500	$32,585,891	$73,561,250	$216,176,693	

(A) Levy Supported; includes UFPL refinancing and is net of CVMIC revenues.
(B) Estimated investment earnings on Bond Proceeds from 10/1/07 to 12/27/07 at 5% is $91,255; to be applied to Debt Service Account.
(C) Future Issues consist of a borrowing of $7,805,000 in 2010 growing at 2% annually with an average interest rate of 5%.

City of Racine

Long-Term Capital Improvement Plan

BAIRD

SCENARIO 4
10% Increase in Debt Service /
Level Combined Debt Service

			FINAL $7,500,000 NANs Dated: July 31, 2007 Due: December 27, 2007	PRELIMINARY $7,640,000 G.O. Refunding Bonds Dated: November 1, 2007 *14-Year Amortization*		$7,500,000 G.O. Bonds Dated June 1, 2008 *15-Year Amortization*		$7,650,000 G.O. Bonds Dated June 1, 2009 *15-Year Amortization*					
LEVY YEAR	YEAR DUE	EXISTING DEBT SERVICE *(A)*	INTEREST **AVG =** **4.50%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG =** **4.64%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG =** **5.00%**	PRINCIPAL *(12/1)*	INTEREST *(6/1 & 12/1)* **AVG =** **5.00%**	NEW ISSUES DEBT SERVICE	FUTURE ISSUES *(C)*	COMBINED NET DEBT SERVICE	GROWTH
2006	2007	$7,405,071	$137,813							$0		$7,405,071	
2007	2008	$7,364,405		$410,000	$372,301					$782,301		$8,146,706	10.02%
2008	2009	$7,383,501	***NAN Principal and***	$425,000	$327,263	$270,000	$562,500			$1,584,763		$8,968,264	10.08%
2009	2010	$7,397,789	***Interest Paid at***	$445,000	$310,263	$410,000	$361,500	$380,000	$573,750	$2,480,513		$9,878,301	10.15%
2010	2011	$7,650,339	***Maturity with Bonds*** *(B)*	$460,000	$291,350	$430,000	$341,000	$410,000	$363,500	$2,295,850	$935,375	$10,881,564	10.16%
2011	2012	$7,884,683		$480,000	$271,800	$450,000	$319,500	$430,000	$343,000	$2,294,300	$1,794,750	$11,973,733	10.04%
2012	2013	$7,998,145		$505,000	$251,400	$470,000	$297,000	$455,000	$321,500	$2,299,900	$2,873,500	$13,171,545	10.00%
2013	2014	$8,487,140		$525,000	$229,938	$495,000	$273,500	$475,000	$298,750	$2,297,188	$3,710,125	$14,494,453	10.04%
2014	2015	$8,801,718		$545,000	$206,313	$520,000	$248,750	$500,000	$275,000	$2,295,063	$3,405,250	$14,502,030	0.05%
2015	2016	$9,366,418		$570,000	$181,788	$545,000	$222,750	$525,000	$250,000	$2,294,538	$2,840,125	$14,501,080	-0.01%
2016	2017	$9,666,245		$600,000	$156,138	$300,000	$195,500	$100,000	$223,750	$1,575,388	$3,260,500	$14,502,133	0.01%
2017	2018	$7,808,665		$625,000	$129,138	$650,000	$180,500	$660,000	$218,750	$2,463,388	$4,232,250	$14,504,303	0.01%
2018	2019	$4,893,825		$655,000	$101,013	$685,000	$148,000	$690,000	$185,750	$2,464,763	$7,143,875	$14,502,463	-0.01%
2019	2020	$2,932,761		$680,000	$71,538	$720,000	$113,750	$725,000	$151,250	$2,461,538	$9,106,750	$14,501,049	-0.01%
2020	2021	$1,629,693		$715,000	$37,538	$760,000	$77,750	$760,000	$115,000	$2,465,288	$10,405,375	$14,500,355	0.00%
2021	2022	$1,662,131				$795,000	$39,750	$800,000	$77,000	$1,711,750	$11,129,625	$14,503,506	0.02%
2022	2023	$1,697,025						$740,000	$37,000	$777,000	$12,026,250	$14,500,275	-0.02%
		$110,029,552	$137,813	$7,640,000	$2,937,776	$7,500,000	$3,381,750	$7,650,000	$3,434,000	$32,543,526	$72,863,750	$215,436,828	

(A) Levy Supported; includes UFPL refinancing and is net of CVMIC revenues.
(B) Estimated investment earnings on Bond Proceeds from 10/1/07 to 12/27/07 at 5% is $91,255; to be applied to Debt Service Account.
(C) Future Issues consist of a borrowing of $7,805,000 in 2010 growing at 2% annually with an average interest rate of 5%.

City of Racine

Summary of Refinancing

1993 Bonds (TIDs 7 & 8)

Analysis as of August 27, 2007
Insured/AA Underlying/NBQ

	BEFORE REFUNDING							*	***AFTER REFUNDING***								
	$6,140,000 G.O. Ref. Bonds (TIF 7) June 1, 1993			***$6,065,000 G.O. Ref. Bonds (TIF 8) Dated: June 1, 1993***			**TOTAL DEBT SERVICE**	*	***$6,140,000 G.O. Ref. Bonds (TIF 7) June 1, 1993***		***$6,065,000 G.O. Ref. Bonds (TIF 8) Dated: June 1, 1993***		***$6,375,000 G.O. Refunding Bonds Dated November 1, 2007***			**TOTAL NEW DEBT SERVICE**	***DEBT SERVICE SAVINGS***
Calendar Year	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)*	RATE	INTEREST *(6/1 & 12/1)*		
2007	$550,000	5.75%	$215,775	$525,000	5.75%	$213,468	$1,504,243	*	$550,000	$215,775	$525,000	$213,468				$1,504,243	***$0***
2008	***$575,000***	5.80%	$184,150	***$560,000***	5.80%	$183,280	$1,502,430	*	***		***		$1,165,000	4.000%	$287,016	$1,452,016	***$50,414***
2009	***$600,000***	5.80%	$150,800	***$600,000***	5.80%	$150,800	$1,501,600	*	***		***		$1,235,000	4.000%	$218,338	$1,453,338	***$48,263***
2010	***$625,000***	5.80%	$116,000	***$625,000***	5.80%	$116,000	$1,482,000	*	***		***		$1,260,000	4.250%	$168,938	$1,428,938	***$53,063***
2011	***$675,000***	5.80%	$79,750	***$675,000***	5.80%	$79,750	$1,509,500	*	***		***		$1,345,000	4.250%	$115,388	$1,460,388	***$49,113***
2012	***$700,000***	5.80%	$40,600	***$700,000***	5.80%	$40,600	$1,481,200	*	***		***		$1,370,000	4.250%	$58,225	$1,428,225	***$52,975***
	$3,725,000		$787,075	$3,685,000		$783,898	$8,980,973	*	$550,000	$215,775	$525,000	$213,468	$6,375,000		$847,903	$8,727,146	***$253,827***

CALLABLE MATURITIES

*** *TO BE REFUNDED WITH 2007 ISSUE.*

Rounding Amount.......................................……………	***$3,975***
Est Investment Earnings 11/1-12/1/2007 @ 4.00%…..	***$21,117***
GROSS SAVINGS....................................…..............	***$278,918***
PRESENT VALUE SAVINGS.................…………….	***$249,935***
PRESENT VALUE SAVINGS %.................................	***3.945%***