

The logo for the law firm BAIRD, consisting of the word "BAIRD" in white, serif, all-caps font, set against a dark blue, trapezoidal background that tapers to the right.

**BAIRD**

# City of Racine

2012 Capital Financing and Refunding

May 21, 2012

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### Timeline

- Finance Committee considers plan of finance ..... May 21, 2012
  - Preparations are made for issuance
    - ✓ Official Statement
    - ✓ Bond Ratings
    - ✓ Marketing
- City Council – First Reading of the resolutions..... June 4, 2012
- City Council – Second Reading of the resolutions (finalizes terms and interest rates) ..... June 19, 2012
- Closing (funds available) ..... July 10, 2012

### Summary

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"><li>• Funding New Projects<ul style="list-style-type: none"><li>▪ Note Anticipation Notes</li><li>▪ Estimated Rate: 1.50%</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Refunding Prior Bonds of the City<ul style="list-style-type: none"><li>▪ Three Bonds Refunded</li><li>▪ Estimated Savings: \$623,000</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Refunding Prior Bonds of the Waterworks System<ul style="list-style-type: none"><li>▪ One Bond Refunded</li><li>▪ Estimated Savings: \$742,000</li></ul></li></ul> |
|---|--|--|

Note: Savings estimates are net of issuance cost.  
The refundings do not extend the original repayment periods.



## Borrowing Amount / Structure / Purpose

### A. Note Anticipation Notes (“NANs”)

<b>Amount:</b>	\$10,760,000
<b>Purpose:</b>	CIP ..... \$8,760,000 Animal Control Facility ..... \$2,000,000
<b>Structure:</b>	Matures July 1, 2013
<b>First Interest:</b>	July 1, 2013
<b>Callable:</b>	December 3, 2012
<b>Estimated Interest Rate:</b>	1.50%
<b>Long Term Financing:</b>	Fall of 2012

### B. General Obligation Refunding Bonds

<b>Amount:</b>	\$7,830,000
<b>Refunds:</b>	2003 Bonds and 2004 Bonds
<b>Structure:</b>	Matures Annually December 1, 2013 through December 1, 2019
<b>First Interest:</b>	December 1, 2012
<b>Callable:</b>	Noncallable
<b>Estimated Savings:</b>	\$407,000
<b>Estimated Interest Rate:</b>	1.76%
<b>Detailed Analysis:</b>	Page 3

### C. Taxable General Obligation Refunding Bonds

<b>Amount:</b>	\$3,780,000
<b>Refunds:</b>	2003 Bonds
<b>Structure:</b>	Matures Annually December 1, 2013 through December 1, 2018
<b>First Interest:</b>	December 1, 2012
<b>Callable:</b>	Noncallable
<b>Estimated Savings:</b>	\$216,000
<b>Estimated Interest Rate:</b>	1.75%
<b>Detailed Analysis:</b>	Page 4

### D. Waterworks System Mortgage Revenue Refunding Bonds

<b>Amount:</b>	\$14,390,000
<b>Refunds:</b>	2004 Water System Bonds
<b>Structure:</b>	Matures Annually September 1, 2013 through September 1, 2024
<b>First Interest:</b>	September 1, 2012
<b>Callable:</b>	2022 and thereafter callable in 2021
<b>Estimated Savings:</b>	\$742,000
<b>Estimated Interest Rate:</b>	2.67%
<b>Detailed Analysis:</b>	Page 5

# City of Racine

## 2012 CAPITAL FINANCING AND REFUNDING

May 21, 2012



### Summary of Refinancing – Tax-Exempt General Obligation

Calendar Year	BEFORE REFINANCING							AFTER REFINANCING							DEBT SERVICE SAVINGS			
	\$7,900,000 G.O. Refunding Bonds (CR) Dated November 1, 2003			\$6,880,000 G.O. Refunding Bonds (CR) Dated November 1, 2004			TOTAL DEBT SERVICE		\$7,900,000 G.O. Refunding Bonds (CR) Dated November 1, 2003		\$6,880,000 G.O. Refunding Bonds (CR) Dated November 1, 2004		\$7,830,000 G.O. Refunding Bonds Dated July 10, 2012			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)	RATE	INTEREST (6/1 & 12/1)	TOTAL					
2012	\$625,000	4.000%	\$214,500	\$250,000	4.000%	\$227,225	\$1,316,725	\$625,000	\$133,250	\$250,000		\$132,113	\$120,000	2.000%	\$62,579	\$62,579	\$1,202,941	\$113,784
2013	\$675,000	4.000%	\$189,500	\$325,000	4.000%	\$217,225	\$1,406,725	\$675,000	\$27,000	\$325,000		\$27,000	\$159,775	2.000%	\$159,775	\$279,775	\$1,333,775	\$72,950
2014	\$775,000	4.000%	\$162,500	\$350,000	4.000%	\$204,225	\$1,491,725	***		\$350,000		\$14,000	\$900,000	2.000%	\$157,375	\$1,057,375	\$1,421,375	\$70,350
2015	\$850,000	4.000%	\$131,500	\$550,000	4.875%	\$190,225	\$1,721,725	***		***			\$1,510,000	2.000%	\$139,375	\$1,649,375	\$1,649,375	\$72,350
2016	\$925,000	5.000%	\$97,500	\$565,000	5.000%	\$163,413	\$1,750,913	***		***			\$1,565,000	2.000%	\$109,175	\$1,674,175	\$1,674,175	\$76,738
2017	\$1,025,000	5.000%	\$51,250	\$575,000	5.000%	\$135,163	\$1,786,413	***		***			\$1,635,000	2.000%	\$77,875	\$1,712,875	\$1,712,875	\$73,538
2018				\$800,000	5.000%	\$106,413	\$906,413			***			\$830,000	2.000%	\$45,175	\$875,175	\$875,175	\$31,238
2019				\$1,265,000	5.250%	\$66,413	\$1,331,413			***			\$1,270,000	2.250%	\$28,575	\$1,298,575	\$1,298,575	\$32,838
	\$4,875,000		\$846,750	\$4,680,000		\$1,310,300	\$11,712,050	\$1,300,000	\$160,250	\$925,000		\$173,113	\$7,830,000		\$779,904	\$8,609,904	\$11,168,266	\$543,784

\*\*\* REFINANCED WITH 2012 ISSUE.

LESS TRANSFER FROM PRIOR ISSUE D/S FUND..... (\$113,784)  
 ROUNDING AMOUNT..... \$3,267  
 GROSS SAVINGS..... \$433,267  
 PRESENT VALUE SAVINGS \$..... \$406,598  
 PRESENT VALUE SAVINGS %..... 5.547%

MATURITIES CALLABLE 12/1/2013 @ PAR MATURITIES CALLABLE 12/1/2014 @ PAR



Summary of Refinancing – Taxable General Obligation

Calendar Year	BEFORE REFINANCING				AFTER REFINANCING								TOTAL NEW DEBT SERVICE	DEBT SERVICE SAVINGS
	PRINCIPAL (12/1)	RATE	INTEREST (6/1 & 12/1)	TOTAL	PRINCIPAL (12/1)	RATE	INTEREST (6/1 & 12/1)	TOTAL	PRINCIPAL (12/1)	RATE	INTEREST (6/1 & 12/1)	TOTAL		
	<b>\$8,650,000</b> Taxable G.O. Refunding Bonds (CR) Dated July 15, 2003				<b>\$8,650,000</b> Taxable G.O. Refunding Bonds (CR) Dated July 15, 2003				<b>\$3,780,000</b> Taxable G.O. Refunding Bonds (AR) Dated July 10, 2012					
2012	\$590,000	4.625%	\$223,340	\$813,340	\$590,000	4.625%	\$139,151	\$729,151			\$20,615	\$20,615	\$749,767	\$63,573
2013	\$615,000	4.500%	\$196,053	\$811,053	\$615,000	4.500%	\$27,675	\$642,675	\$80,000	0.750%	\$52,635	\$132,635	\$775,310	\$35,743
2014	<b>\$645,000</b>	4.600%	\$168,378	\$813,378	***	4.600%			\$725,000	0.950%	\$52,035	\$777,035	\$777,035	\$36,343
2015	<b>\$675,000</b>	4.700%	\$138,708	\$813,708	***	4.700%			\$730,000	1.100%	\$45,148	\$775,148	\$775,148	\$38,560
2016	<b>\$705,000</b>	4.750%	\$106,983	\$811,983	***	4.750%			\$735,000	1.350%	\$37,118	\$772,118	\$772,118	\$39,865
2017	<b>\$740,000</b>	4.800%	\$73,495	\$813,495	***	4.800%			\$750,000	1.650%	\$27,195	\$777,195	\$777,195	\$36,300
2018	<b>\$775,000</b>	4.900%	\$37,975	\$812,975	***	4.900%			\$760,000	1.950%	\$14,820	\$774,820	\$774,820	\$38,155
	<u>\$4,745,000</u>		<u>\$944,930</u>	<u>\$5,689,930</u>	<u>\$1,205,000</u>		<u>\$166,826</u>	<u>\$1,371,826</u>	<u>\$3,780,000</u>		<u>\$249,565</u>	<u>\$4,029,565</u>	<u>\$5,401,392</u>	<u>\$288,538</u>

MATURITIES CALLABLE 12/1/2013 @ PAR

\*\*\* REFINANCED WITH 2012 ISSUE.

LESS TRANSFER FROM PRIOR ISSUE D/S FUND.....	<b>(\$63,573)</b>
ROUNDING AMOUNT.....	<b>\$4,924</b>
GROSS SAVINGS.....	<b>\$229,889</b>
PRESENT VALUE SAVINGS \$.....	<b>\$215,529</b>
PRESENT VALUE SAVINGS %.....	<b>6.088%</b>



Summary of Refinancing – Waterworks System

Calendar Year	BEFORE REFINANCING				AFTER REFINANCING				TOTAL NEW DEBT SERVICE	DEBT SERVICE SAVINGS			
	\$22,140,000 Waterworks System Mortg. Rev. Ref. Bonds (CR) Dated November 1, 2004				\$22,140,000 Waterworks System Mortg. Rev. Ref. Bonds (CR) Dated November 1, 2004						\$14,390,000 Waterworks System Mortg. Rev. Ref. Bonds (AR) Dated July 10, 2012		
	PRINCIPAL (9/1)	RATE	INTEREST (3/1 & 9/1)	TOTAL	PRINCIPAL (9/1)	RATE	INTEREST (3/1 & 9/1)	TOTAL			PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	TOTAL
2012	\$985,000	4.000%	\$795,889	\$1,780,889	\$985,000	4.000%	\$455,833	\$1,440,833		\$67,809	\$67,809	\$1,508,641	\$272,248
2013	\$1,025,000	3.625%	\$756,489	\$1,781,489	\$1,025,000	3.625%	\$76,376	\$1,101,376	\$130,000	\$478,650	\$608,650	\$1,710,026	\$71,463
2014	\$1,060,000	3.700%	\$719,333	\$1,779,333	\$1,060,000	3.700%	\$39,220	\$1,099,220	\$130,000	\$476,050	\$606,050	\$1,705,270	\$74,063
2015	\$1,105,000	5.000%	\$680,113	\$1,785,113	***	5.000%			\$1,240,000	\$473,450	\$1,713,450	\$1,713,450	\$71,663
2016	\$1,160,000	5.000%	\$624,863	\$1,784,863	***	5.000%			\$1,265,000	\$448,650	\$1,713,650	\$1,713,650	\$71,213
2017	\$1,215,000	5.000%	\$566,863	\$1,781,863	***	5.000%			\$1,300,000	\$410,700	\$1,710,700	\$1,710,700	\$71,163
2018	\$1,270,000	5.000%	\$506,113	\$1,776,113	***	5.000%			\$1,335,000	\$371,700	\$1,706,700	\$1,706,700	\$69,413
2019	\$1,335,000	5.000%	\$442,613	\$1,777,613	***	5.000%			\$1,375,000	\$331,650	\$1,706,650	\$1,706,650	\$70,963
2020	\$1,405,000	5.000%	\$375,863	\$1,780,863	***	5.000%			\$1,420,000	\$290,400	\$1,710,400	\$1,710,400	\$70,463
2021	\$1,475,000	5.000%	\$305,613	\$1,780,613	***	5.000%			\$1,460,000	\$247,800	\$1,707,800	\$1,707,800	\$72,813
2022	\$1,545,000	5.000%	\$231,863	\$1,776,863	***	5.000%			\$1,515,000	\$189,400	\$1,704,400	\$1,704,400	\$72,463
2023	\$1,625,000	4.650%	\$154,613	\$1,779,613	***	4.650%			\$1,580,000	\$128,800	\$1,708,800	\$1,708,800	\$70,813
2024	\$1,700,000	4.650%	\$79,050	\$1,779,050	***	4.650%			\$1,640,000	\$65,600	\$1,705,600	\$1,705,600	\$73,450
	\$16,905,000		\$6,239,273	\$23,144,273	\$3,070,000		\$571,429	\$3,641,429	\$14,390,000	\$3,980,659	\$18,370,659	\$22,012,088	\$1,132,185

CALLABLE MATURITIES

Maturities callable 9/1/2014 or any date thereafter.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.50%	8.554%	\$1,183,414
-0.40%	7.734%	\$1,070,052
-0.30%	6.922%	\$957,694
-0.20%	6.348%	\$878,184
-0.10%	5.789%	\$800,925
+0.10%	4.691%	\$649,048
+0.20%	4.152%	\$574,411
+0.30%	3.619%	\$500,628
+0.40%	3.091%	\$427,692
+0.50%	2.570%	\$355,592

\*\*\* REFUNDED WITH 2012 ISSUE.

Sources Of Funds	
Par Amount of Bonds	\$14,390,000
Transfers from Prior Issue DSR Funds	\$3,922,368
Reoffering Premium	\$1,033,364
Transfers from Prior Issue Debt Service Funds	\$272,248
Total Sources	\$19,617,980
Uses Of Funds	
Deposit to Net Cash Escrow Fund	\$15,460,459
Deposit to Debt Service Reserve Fund (DSRF)	\$3,931,021
Estimated Costs of Issuance	\$222,450
Rounding Amount	4,050
Total Sources	\$19,617,980

LESS TRANSFER FROM PRIOR ISSUE D/S FUND.....	(\$272,248)
EFFECT OF CHANGE IN DSR FUND.....	\$8,653
ROUNDING AMOUNT.....	\$4,050
GROSS SAVINGS.....	\$872,640

PRESENT VALUE SAVINGS \$.....	\$742,120
PRESENT VALUE SAVINGS %.....	5.364%