

The logo for BAIRD, featuring the word "BAIRD" in white, uppercase, serif font, set against a blue, trapezoidal background that tapers to the right.

# City of Racine

Water Commission Meeting

November 28, 2017

Bradley D. Viegut, Managing Director

[bviegut@rwbaird.com](mailto:bviegut@rwbaird.com)

777 East Wisconsin Avenue

Milwaukee, WI 53202

Phone 414.765.3827

# City of Racine

WATER COMMISSION MEETING

November 28, 2017



## Timeline

- Water Commission Meeting to authorize refinancing ..... November 28, 2017
  - Preparations are made for issuance
    - ✓ Official Statement
    - ✓ Bond Rating
    - ✓ Marketing
- City Council receives recommendation from Water Commission ..... December 5, 2017
- Finance Committee authorizes refinancing ..... December 11, 2017
- City Council considers Award Resolution (finalizes terms and interest rates)..... December 19, 2017
- Closing (funds available)..... December 28, 2017

## Borrowing / Structure / Purpose

<b>Approximate Size:</b>	\$6,365,000
<b>Issue:</b>	Water System Refunding Bonds
<b>Purpose:</b>	Advance Refund Series 2009 and 2011 Water Revenue Bonds
<b>Structure:</b>	Matures September 1, 2018-2031
<b>First Interest:</b>	September 1, 2018
<b>Callable:</b>	September 1, 2027
<b>Estimated Rate (TIC):</b>	2.87%
<b>Estimated Net Present Value Savings (\$):</b>	\$230,366
<b>Estimated Net Present Value Savings (\$):</b>	3.69%

# City of Racine

WATER COMMISSION MEETING

November 28, 2017



## Advance Refunding of 2009 and 2011 Bonds

<b>BEFORE REFINANCING</b>							
<b>Calendar Year</b>	<b>\$2,760,000 Waterworks Sys. Mortgage Rev. Bonds Dated December 8, 2009</b>			<b>\$6,500,000 Waterworks Sys. Mortgage Rev. Bonds Dated October 25, 2011</b>			<b>TOTAL DEBT SERVICE</b>
	<b>PRINCIPAL (9/1)</b>	<b>RATE</b>	<b>INTEREST (3/1 &amp; 9/1)</b>	<b>PRINCIPAL (9/1)</b>	<b>RATE</b>	<b>INTEREST (3/1 &amp; 9/1)</b>	
2018	\$175,000	4.000%	\$98,556	\$305,000	3.000%	\$226,900	\$805,456
2019	\$150,000	4.000%	\$91,556	\$315,000	3.000%	\$217,750	\$774,306
2020	<b>\$165,000</b>	4.000%	\$85,556	\$325,000	3.000%	\$208,300	\$783,856
2021	<b>\$170,000</b>	4.000%	\$78,956	\$335,000	3.500%	\$198,550	\$782,506
2022	<b>\$175,000</b>	4.000%	\$72,156	<b>\$345,000</b>	4.000%	\$186,825	\$778,981
2023	<b>\$185,000</b>	4.125%	\$65,156	<b>\$360,000</b>	4.000%	\$173,025	\$783,181
2024	<b>\$190,000</b>	4.125%	\$57,525	<b>\$375,000</b>	4.500%	\$158,625	\$781,150
2025	<b>\$200,000</b>	4.350%	\$49,688	<b>\$390,000</b>	4.500%	\$141,750	\$781,438
2026	<b>\$210,000</b>	4.350%	\$40,988	<b>\$410,000</b>	4.500%	\$124,200	\$785,188
2027	<b>\$215,000</b>	4.350%	\$31,853	<b>\$430,000</b>	4.500%	\$105,750	\$782,603
2028	<b>\$245,000</b>	4.500%	\$22,500	<b>\$450,000</b>	4.500%	\$86,400	\$803,900
2029	<b>\$255,000</b>	4.500%	\$11,475	<b>\$470,000</b>	4.500%	\$66,150	\$802,625
2030				<b>\$490,000</b>	4.500%	\$45,000	\$535,000
2031				<b>\$510,000</b>	4.500%	\$22,950	\$532,950
	<u>\$2,335,000</u>		<u>\$705,965</u>	<u>\$5,510,000</u>		<u>\$1,962,175</u>	<u>\$10,513,140</u>

Maturities callable 9/1/2019  
or any date thereafter.

Maturities callable 9/1/2021  
or any date thereafter.

**CALLABLE MATURITIES**



Advance Refunding of 2009 and 2011 Bonds

AFTER REFINANCING									
Calendar Year	\$2,760,000 Waterworks Sys. Mortgage Rev. Bonds Dated December 8, 2009		\$6,500,000 Waterworks Sys. Mortgage Rev. Bonds Dated October 25, 2011		\$6,365,000 Waterworks Sys. ( ) Mortgage Rev. Ref. Bonds (AR) Dated December 28, 2017 <sup>1</sup>			TOTAL NEW DEBT SERVICE	POTENTIAL DEBT SERVICE SAVINGS
	PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	PRINCIPAL (9/1)	INTEREST (3/1 & 9/1)	TOTAL		
	TIC = 2.87%								
2018	\$175,000	\$13,000	\$305,000	\$40,075	\$90,000	\$147,015	\$237,015	\$770,090	\$35,366
2019	\$150,000	\$6,000	\$315,000	\$30,925	\$20,000	\$216,000	\$236,000	\$737,925	\$36,381
2020	***		\$325,000	\$21,475	\$190,000	\$215,600	\$405,600	\$752,075	\$31,781
2021	***		\$335,000	\$11,725	\$195,000	\$211,800	\$406,800	\$753,525	\$28,981
2022	***		***		\$540,000	\$205,950	\$745,950	\$745,950	\$33,031
2023	***		***		\$560,000	\$189,750	\$749,750	\$749,750	\$33,431
2024	***		***		\$580,000	\$172,950	\$752,950	\$752,950	\$28,200
2025	***		***		\$595,000	\$155,550	\$750,550	\$750,550	\$30,888
2026	***		***		\$610,000	\$137,700	\$747,700	\$747,700	\$37,488
2027	***		***		\$630,000	\$119,400	\$749,400	\$749,400	\$33,203
2028	***		***		\$680,000	\$94,200	\$774,200	\$774,200	\$29,700
2029	***		***		\$700,000	\$67,000	\$767,000	\$767,000	\$35,625
2030			***		\$480,000	\$39,000	\$519,000	\$519,000	\$16,000
2031			***		\$495,000	\$19,800	\$514,800	\$514,800	\$18,150
	\$325,000	\$19,000	\$1,280,000	\$104,200	\$6,365,000	\$1,991,715	\$8,356,715	\$10,084,915	\$428,225

\*\*\* REFINANCED WITH 2017 ISSUE.

(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 11/8/17. 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 considered as advice.

LESS CHANGE IN DSR FUND.....	(\$130,338)
ROUNDING AMOUNT.....	\$2,241
POTENTIAL GROSS SAVINGS.....	\$300,128
(2) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$230,366
POTENTIAL PRESENT VALUE SAVINGS %.....	3.692%
POTENTIAL NEGATIVE ARBITRAGE \$.....	149,520

(2) Present value calculated using the All Inclusive Cost (AIC) of 2.96% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	6.23%	\$388,521
-0.20%	5.37%	\$334,806
-0.10%	4.52%	\$282,292
+0.10%	2.86%	\$178,336
+0.20%	2.04%	\$127,354
+0.30%	1.23%	\$76,667