

BAIRD

City of Racine

2015 Financing Discussion

July 27, 2015

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City of Racine

2015 FINANCING DISCUSSION

July 27, 2015

Timeline

- Water Commission Meeting to discuss water revenue refinancing June 30, 2015
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- Communication to City Council.....July 21, 2015
- Finance Committee Meeting to discuss financings.....July 27, 2015
- City Council receives recommendation from Finance CommitteeAugust 5, 2015
- City Council considers Award Resolutions (finalizes terms and interest rates)..... August 18, 2015
- Closing (funds available)..... September 8, 2015

City of Racine

2015 FINANCING DISCUSSION

July 27, 2015

Borrowing / Structure / Purpose



Approximate Size:	\$6,605,000	Approximate Size:	\$1,420,000
Issue:	Water System Mortgage Revenue Refunding Bonds	Issue:	Taxable G.O. Refunding Bonds
Purpose:	Refunds 2007 Revenue Bonds	Purpose:	Refunds 2006 Tax. G.O. Refunding Bonds
Structure:	Matures Sept. 1, 2016 - 2026	Structure:	Matures Dec. 1, 2016 - 2025
First Interest:	March 1, 2016	First Interest:	June 1, 2016
Callable:	Sept. 1, 2024 and thereafter callable on Sept. 1, 2023	Callable:	Dec. 1, 2024 and thereafter callable on Dec. 1, 2023
Estimated Rate:	2.92%	Estimated Rate:	3.43%
Estimated Savings:	\$382,310 ¹	Estimated Savings:	\$90,609 ²

Approximate Size:	\$11,195,000
Issue:	Note Anticipation Notes
Purpose:	2015 CIP Projects
Structure:	Matures August 15, 2016
First Interest:	August 15, 2016
Callable:	Dec. 18, 2015 and thereafter
Estimated Rate:	2.18%

¹ Present value calculated using the All-Inclusive Cost (AIC) of 3.02% as the discount rate.

² Present value calculated using the All-Inclusive Cost (AIC) of 3.85% as the discount rate.

City of Racine

2015 FINANCING DISCUSSION

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Illustration of Hypothetical Revenue Refinancing ⁽¹⁾

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		\$6,605,000 Water Sys Mort Rev Ref Bonds (AR) Dated September 8, 2015 ⁽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		
2015	\$1,230,000	4.000%	\$620,169	\$1,850,169	\$1,230,000	\$620,169				\$1,850,169	\$0
2016	\$1,280,000	4.250%	\$570,969	\$1,850,969	\$1,280,000	\$240,600		\$222,782	\$222,782	\$1,743,382	\$107,587
2017	\$1,350,000	4.250%	\$516,569	\$1,866,569	\$760,000	\$186,200	\$580,000	\$227,200	\$807,200	\$1,753,400	\$113,169
2018	\$1,380,000	4.750%	\$459,194	\$1,839,194	\$755,000	\$153,900	\$600,000	\$215,600	\$815,600	\$1,724,500	\$114,694
2019	\$1,445,000	4.750%	\$393,644	\$1,838,644	\$790,000	\$118,038	\$620,000	\$197,600	\$817,600	\$1,725,638	\$113,006
2020	\$1,525,000	4.750%	\$325,006	\$1,850,006	\$830,000	\$80,513	\$650,000	\$179,000	\$829,000	\$1,739,513	\$110,494
2021	\$1,595,000	4.750%	\$252,569	\$1,847,569	\$865,000	\$41,088	\$670,000	\$159,500	\$829,500	\$1,735,588	\$111,981
2022	\$720,000	4.125%	\$176,806	\$896,806	***		\$645,000	\$139,400	\$784,400	\$784,400	\$112,406
2023	\$745,000	4.125%	\$147,106	\$892,106	***		\$665,000	\$113,600	\$778,600	\$778,600	\$113,506
2024	\$780,000	4.750%	\$116,375	\$896,375	***		\$695,000	\$87,000	\$782,000	\$782,000	\$114,375
2025	\$815,000	4.750%	\$79,325	\$894,325	***		\$725,000	\$59,200	\$784,200	\$784,200	\$110,125
2026	\$855,000	4.750%	\$40,613	\$895,613	***		\$755,000	\$30,200	\$785,200	\$785,200	\$110,413
	\$13,720,000		\$3,698,344	\$17,418,344	\$6,510,000	\$1,440,506	\$6,605,000	\$1,631,082	\$8,236,082	\$16,186,588	\$1,231,755

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

*** REFINANCED WITH 2015 ISSUE.

CALLABLE MATURITIES

LESS CHANGE IN DEBT SERVICE RESERVE FUND.....	(\$658,300)
ROUNDING AMOUNT.....	\$2,524
POTENTIAL GROSS SAVINGS.....	\$575,979

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates plus 25 basis points for municipal bonds as of 7/8/15. 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) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$382,310
POTENTIAL PRESENT VALUE SAVINGS %.....	5.303%

(2) Present value calculated using the All Inclusive Cost (AIC) of 3.02% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	7.266%	\$523,910
-0.20%	6.610%	\$476,586
-0.10%	5.952%	\$429,152
+0.10%	4.666%	\$336,406
+0.20%	4.025%	\$290,197
+0.30%	3.392%	\$244,578

