



City of Racine
Finance Committee

April 12, 2021

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City of Racine

Finance Committee

April 12, 2021

Borrowing/Structure/Purpose

Estimated Size:	\$4,640,000
Issue:	Waterworks System Mortgage Revenue Bonds
Purpose:	Refinance 2012 Bonds
Structure:	Matures September 1, 2022-2024
First Interest:	March 1, 2022
Callable:	Noncallable
Estimated Interest Rate:	0.92%
Estimated Present Value Savings (\$): ⁽¹⁾	\$242,469
Estimated Present Value Savings (%):	5.15%

(1) Present value calculated using the All-Inclusive Cost (AIC) of 1.25% as the discount rate.

Summary of Parameters Resolution

Amount not to exceed:	\$5,000,000
True Interest Cost (TIC) not to exceed:	2.50%
Maturity Schedule:	September 1, 2022-2024
Each maturity increased/decreased by:	\$500,000
Minimum Present Value Savings:	2.00% of refunded par



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Tentative Timeline

- Water Works Commission considers refinancing/authorizes the borrowing March 16, 2021
- Finance Committee considers refinancing/authorizes the issuance April 12, 2021
- City Council considers Parameters ResolutionApril 20, 2021
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- Signature of certificate to award bonds (finalizes terms and interest rates).....May 6, 2021
- Closing (funds available)..... June 3, 2021
- 2012 Bonds Paid OffSeptember 1, 2021

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Refinancing Illustration of 2012 Bonds

Calendar Year	BEFORE REFINANCING				AFTER REFINANCING					POTENTIAL DEBT SERVICE SAVINGS
	\$14,140,000 Waterworks System Mort. Rev. Ref. Bonds (AR) Dated July 10, 2012			TOTAL DEBT SERVICE	\$14,140,000 Waterworks System Mort. Rev. Ref. Bonds (AR) Dated July 10, 2012		\$4,640,000 Water. Sys. Mort. Rev Ref. Bonds (CR) Dated June 3, 2021 ⁽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)		
2021	\$1,450,000	4.000%	\$246,200	\$1,696,200	\$1,450,000	\$246,200			\$1,696,200	\$0
2022	\$1,505,000	4.000%	\$188,200	\$1,693,200	***		\$1,500,000	\$115,484	\$1,615,484	\$77,716
2023	\$1,570,000	4.000%	\$128,000	\$1,698,000	***		\$1,555,000	\$62,800	\$1,617,800	\$80,200
2024	\$1,630,000	4.000%	\$65,200	\$1,695,200	***		\$1,585,000	\$31,700	\$1,616,700	\$78,500
	<u>\$6,155,000</u>		<u>\$627,600</u>	<u>\$6,782,600</u>	<u>\$1,450,000</u>	<u>\$246,200</u>	<u>\$4,640,000</u>	<u>\$209,984</u>	<u>\$6,546,184</u>	<u>\$236,416</u>

Maturities callable 9/1/21 or any date thereafter.

CALLABLE MATURITIES

***** REFINANCED WITH 2021 ISSUE.**

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +10bps for municipal bonds as of 3/10/21. 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.

CHANGE IN DSRF.....	10,225
ROUNDING AMOUNT.....	\$1,896
POTENTIAL GROSS SAVINGS.....	\$248,536

(2) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$242,469
POTENTIAL PRESENT VALUE SAVINGS %.....	5.153%

(2) Present value calculated using the All Inclusive Cost (AIC) of 1.25% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	5.857%	\$275,592
-0.20%	5.622%	\$264,495
-0.10%	5.388%	\$253,482
+0.10%	4.921%	\$231,510
+0.20%	4.688%	\$220,577
+0.30%	4.457%	\$209,695