

The logo for BAIRD, featuring the word "BAIRD" in white, serif, all-caps font on a blue, trapezoidal background that tapers to the right.

City of Manitowoc

Utility Refinancing and Bond Call Discussion

September 15, 2014

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City of Manitowoc

UTILITY REFINANCING AND BOND CALL DISCUSSION

September 15, 2014



Timeline

- Discussion with Utility on Cash Bond call and Refunding Bonds..... August 25, 2014
- Discussion with Finance CommitteeSeptember 15, 2014
- Council to consider Resolution to Call Bonds and Set Sale Resolution for Refunding BondsSeptember 15, 2014
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Ratings
 - ✓ Marketing
- Call Notice distributed to pay off 2005 Bonds and portion of 2004 Bonds with Cash.....September 16, 2014
- Pay off 2005 Bonds and portion of 2004 Bonds with Cash October 16, 2014
- Council considers Award Resolution for Refunding Bonds (finalizes terms and interest rates)..... October 20, 2014
- Call Notice distributed to pay off remaining portion of 2004 Bonds October 21, 2014
- Closing on the Refunding Bonds (funds available to the City) November 10, 2014
- Remaining portion of 2004 Bonds paid with Bond Proceeds or Cash..... November 20, 2014

City of Manitowoc

UTILITY REFINANCING AND BOND CALL DISCUSSION



September 15, 2014

Summary of Cash Applied

Calendar Year	BEFORE CASH APPLIED						AFTER CASH APPLIED						REDUCTION IN DEBT SERVICE
	Amount:	\$69,550,000			Amount:	\$4,715,000			Amount:	\$4,715,000			
	Type:	Electric Pwr Sys Rev Bonds			Type:	Electric Pwr Sys Rev Bonds			Type:	Electric Pwr Sys Rev Bonds			
	Date:	March 9, 2004			Date:	December 1, 2005			Date:	December 1, 2005			
	Callable:	10/1/2014 @ Par			Callable:	10/1/14 @ Par			Callable:	10/1/14 @ Par			
	PRINCIPAL	RATE	INTEREST	PRINCIPAL	RATE	INTEREST	PRINCIPAL	RATE	INTEREST	PRINCIPAL	RATE	INTEREST	
	(10/1)		(4/1 & 10/1)	(10/1)		(4/1 & 10/1)	(10/1)		(4/1 & 10/1)	(10/1)		(4/1 & 10/1)	
2015	\$1,835,000	5.250%	\$2,081,675	\$245,000	4.000%	\$134,575	\$270,000	5.250%	\$309,475		4.000%	\$0	\$3,716,775
2016	\$1,930,000	5.250%	\$1,985,338	\$255,000	4.000%	\$124,775	\$285,000	5.250%	\$295,300		4.000%	\$0	\$3,714,813
2017	\$2,035,000	5.250%	\$1,884,013	\$265,000	4.000%	\$114,575	\$300,000	5.250%	\$280,338		4.000%	\$0	\$3,718,250
2018	\$2,140,000	5.250%	\$1,777,175	\$275,000	4.000%	\$103,975	\$320,000	5.250%	\$264,588		4.000%	\$0	\$3,711,563
2019	\$2,255,000	5.250%	\$1,664,825	\$285,000	4.000%	\$92,975	\$335,000	5.250%	\$247,788		4.000%	\$0	\$3,715,013
2020	\$2,370,000	5.250%	\$1,546,438	\$295,000	4.000%	\$81,575	\$355,000	5.250%	\$230,200		4.000%	\$0	\$3,707,813
2021	\$2,495,000	5.250%	\$1,422,013	\$310,000	4.050%	\$69,775	\$370,000	5.250%	\$211,563		4.050%	\$0	\$3,715,225
2022	\$2,625,000	5.000%	\$1,291,025	\$320,000	4.100%	\$57,220	\$390,000	5.000%	\$192,138		4.100%	\$0	\$3,711,108
2023	\$2,760,000	5.000%	\$1,159,775	\$335,000	4.200%	\$44,100	\$410,000	5.000%	\$172,638		4.200%	\$0	\$3,716,238
2024	\$2,895,000	5.000%	\$1,021,775	\$350,000	4.200%	\$30,030	\$430,000	5.000%	\$152,138		4.200%	\$0	\$3,714,668
2025	\$3,040,000	5.000%	\$877,025	\$365,000	4.200%	\$15,330	\$455,000	5.000%	\$130,638		4.200%	\$0	\$3,711,718
2026	\$3,195,000	5.250%	\$725,025				\$475,000	5.250%	\$107,888				\$3,337,138
2027	\$3,360,000	5.250%	\$557,288				\$500,000	5.250%	\$82,950				\$3,334,338
2028	\$3,535,000	5.250%	\$380,888				\$525,000	5.250%	\$56,700				\$3,334,188
2029	\$3,720,000	5.250%	\$195,300				\$555,000	5.250%	\$29,138				\$3,331,163
2030	***	5.250%	\$0				***	5.250%	\$0				\$0
2031	***	5.250%	\$0				***	5.250%	\$0				\$0
2032	***	5.250%	\$0				***	5.250%	\$0				\$0
2033	***	5.250%	\$0				***	5.250%	\$0				\$0
2034	***	5.250%	\$0				***	5.250%	\$0				\$0
	\$40,190,000		\$18,569,575	\$3,300,000		\$868,905	\$5,975,000		\$2,763,475	\$0		\$0	\$54,190,005

Maturities to be paid with cash
 Maturities to be Partially paid with cash
 CALLABLE MATURITIES

Amount Needed to payoff Bonds	
Less: Portion of Reserve Fund (2004 Bonds)	(\$1,667,194)
Less: Reserve Fund (2005 Bonds)	(\$190,165)
Less: Cash Applied for Payoff	(\$35,737,090)
EST. SAVINGS FROM PAYOFF	\$16,595,556

City of Manitowoc

UTILITY REFINANCING AND BOND CALL DISCUSSION



September 15, 2014

Illustration of Hypothetical Refinancing ⁽¹⁾

Calendar Year	BEFORE REFINANCING				AFTER REFINANCING								POTENTIAL DEBT SERVICE SAVINGS
	\$69,550,000 Electric Power System Revenue Bonds Dated March 9, 2004			TOTAL DEBT SERVICE	\$69,550,000 Electric Power System Revenue Bonds Dated March 9, 2004			\$5,890,000 Electric Power Sys Rev Ref Bonds Dated November 10, 2014 ⁽¹⁾			TOTAL NEW DEBT SERVICE		
	PRINCIPAL (10/1)	RATE	INTEREST (4/1 & 10/1)		PRINCIPAL (10/1)	RATE	INTEREST (4/1 & 10/1)	PRINCIPAL (10/1)	RATE	INTEREST (4/1 & 10/1)	TOTAL		
2015	\$270,000	5.250%	\$309,475	\$579,475	****	5.250%	\$0	\$345,000	2.00%	\$135,544	\$480,544	\$480,544	\$98,931
2016	\$285,000	5.250%	\$295,300	\$580,300	****	5.250%	\$0	\$335,000	2.00%	\$145,113	\$480,113	\$480,113	\$100,188
2017	\$300,000	5.250%	\$280,338	\$580,338	****	5.250%	\$0	\$345,000	2.00%	\$138,413	\$483,413	\$483,413	\$96,925
2018	\$320,000	5.250%	\$264,588	\$584,588	****	5.250%	\$0	\$355,000	2.00%	\$131,513	\$486,513	\$486,513	\$98,075
2019	\$335,000	5.250%	\$247,788	\$582,788	****	5.250%	\$0	\$360,000	2.00%	\$124,413	\$484,413	\$484,413	\$98,375
2020	\$355,000	5.250%	\$230,200	\$585,200	****	5.250%	\$0	\$370,000	2.00%	\$117,213	\$487,213	\$487,213	\$97,988
2021	\$370,000	5.250%	\$211,563	\$581,563	****	5.250%	\$0	\$375,000	2.25%	\$109,813	\$484,813	\$484,813	\$96,750
2022	\$390,000	5.000%	\$192,138	\$582,138	****	5.000%	\$0	\$385,000	2.75%	\$101,375	\$486,375	\$486,375	\$95,763
2023	\$410,000	5.000%	\$172,638	\$582,638	****	5.000%	\$0	\$395,000	2.75%	\$90,788	\$485,788	\$485,788	\$96,850
2024	\$430,000	5.000%	\$152,138	\$582,138	****	5.000%	\$0	\$405,000	3.00%	\$79,925	\$484,925	\$484,925	\$97,213
2025	\$455,000	5.000%	\$130,638	\$585,638	****	5.000%	\$0	\$420,000	3.00%	\$67,775	\$487,775	\$487,775	\$97,863
2026	\$475,000	5.250%	\$107,888	\$582,888	****	5.250%	\$0	\$430,000	3.00%	\$55,175	\$485,175	\$485,175	\$97,713
2027	\$500,000	5.250%	\$82,950	\$582,950	****	5.250%	\$0	\$445,000	3.00%	\$42,275	\$487,275	\$487,275	\$95,675
2028	\$525,000	5.250%	\$56,700	\$581,700	****	5.250%	\$0	\$455,000	3.00%	\$28,925	\$483,925	\$483,925	\$97,775
2029	\$555,000	5.250%	\$29,138	\$584,138	****	5.250%	\$0	\$470,000	3.25%	\$15,275	\$485,275	\$485,275	\$98,863
2030	***	5.250%	\$0	\$0	***	5.250%	\$0					\$0	\$0
2031	***	5.250%	\$0	\$0	***	5.250%	\$0					\$0	\$0
2032	***	5.250%	\$0	\$0	***	5.250%	\$0					\$0	\$0
2033	***	5.250%	\$0	\$0	***	5.250%	\$0					\$0	\$0
2034	***	5.250%	\$0	\$0	***	5.250%	\$0					\$0	\$0
	\$5,975,000		\$2,763,475	\$8,738,475		\$0	\$0	\$5,890,000		\$1,383,532	\$7,273,532	\$7,273,532	\$1,464,943

Maturities callable 10/1/2014 or any date thereafter.

CALLABLE MATURITIES
Maturities partially paid with cash
*** Current Refunded with 2009 Issue.

**** REFINANCED WITH 2014 ISSUE.

LESS TRANSFER FROM PRIOR D/S RESERVE FUND.....	(\$48,932)
(2) EST. INVESTMENT EARNINGS	\$150
ROUNDING AMOUNT.....	\$4,656
POTENTIAL GROSS SAVINGS.....	\$1,420,818

(3) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$1,166,129
POTENTIAL PRESENT VALUE SAVINGS %.....	19.517%

(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 8/19/14. 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) Calculated from 11/10/14 to 11/20/14 at recent LGIP rate of 0.09%.

(3) Present value calculated using the All Inclusive Cost (AIC) of 2.60% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.15%	20.829%	\$1,244,522
-0.10%	20.388%	\$1,218,206
-0.05%	19.950%	\$1,192,025
+0.05%	19.082%	\$1,140,170
+0.10%	18.652%	\$1,114,476
+0.15%	18.225%	\$1,088,915

Estimated Sources and Uses	
Sources of Funds	
Par Amount of Bonds	5,890,000
Transfers from Prior Issue DSR Funds	292,819
Reoffering Premium	159,159
Total Sources	6,341,978
Uses of Funds	
Deposit to Current Refunding Fund	6,017,123
Deposit to Debt Service Reserve Fund (DSRF)	243,888
Total Underwriter's Expense	41,230
Rating Agency Fee (Estimated)	16,000
Bond Counsel (Estimated)	11,500
Official Statement and Clearing Expenses	4,800
Roundng Amount	4,656
DTC (Estimated)	1,300
CUSIP (Estimated)	698
Fiscal Agent Fee (Estimated)	325
IPREO (Estimated)	295
Day Loan (Estimated)	164
Total Uses	6,341,978