



CITY OF MANITOWOC
WISCONSIN, USA
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MEMO

Date: 4/1/2021
To: City of Manitowoc - Finance Committee
From: Shawn M. Alfred, Finance Director/Treasurer
Re: Event Filing for Delayed Payment of Required Bond Principal/Interest.

The City of Manitowoc recently had to document and file a Payment Delinquency Filing through the Continuing Disclosure website titled Emma. The intent of this memo is to provide information to the Finance Committee on the occurrence of events:

- On April 1st, 2021, the City was responsible for paying a total of \$4,328,860.83 in principal and interest debt payments.
- On March 30th, the Finance Department initiated and successfully wired the \$4,328,860.83 to Associated Bank, the City's Paying Agent for debt payments to the DTCC.
 - At the January Finance Committee meeting it was approved to designate Associated as the City's paying agent for all previous and new debt payments to ensure timeliness of payments and streamline operations.
- On April 5th, the City was notified that the DTCC had not received full payment; therefore, had not released the funds signifying a Payment Delinquency Event filing.
- Upon investigating, it was determined that Associated Bank had not wired the entire \$4,328,860.83 by \$1,275 due to a technical and human error. Associated Bank did wire the remaining amount and the DTCC satisfied the payments on April 6th.

Per personal discussion with multiple individuals at Associated Bank, it was determined Associated's third-party system was including CUSIPS for payments that were not to be allocated to DTCC; therefore, causing manual review to determine which CUSIPS are paid to the DTCC and those that are not. Unfortunately, CUSIP 563588A69 was inadvertently eliminated from transmission by the individual responsible for performing this procedure. This error was discovered late April 5th during a recon after the payment date and were unable to send out payment until the morning of April 6th since it was past the wire cut-off time on April 5th. Furthermore, Associated has updated their processes to include an additional reconciliation process to address the potential for failure of payment.

Furthermore, Brad Viegut and myself reached out to the S&P Rating Agency and Moody's Rating Agency immediately upon discovered, prior to filing the event, and held conference calls to explain all the facts. Each Agency was extremely appreciated of the transparency and advance notice. Both Agency's confirmed a subsequent notice would be released by them alerting investors that this event is to not adversely affect the credit worthiness nor management opinion of the City of Manitowoc.

I have as separate attachments to this agenda item a letter from Associated and the exact language of the event filing on the EMMA website. I look forward to explaining more in person at the meeting.

Sincerely,

Shawn M. Alfred
Finance Director/Treasurer