

The logo for the law firm BAIRD, featuring the word "BAIRD" in white, serif, all-caps font centered within a blue parallelogram shape that is wider at the top and tapers towards the bottom.

# City of Manitowoc

Finance Committee

March 6, 2018

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# City of Manitowoc

## Finance Committee

### Tentative Timeline



- Finance Committee considers financing plan..... March 6, 2018
- Common Council considers award resolution for NAN (finalizes terms and interest rates).....March 19, 2018
- NAN Closing (funds available)..... April 3, 2018
- Common Council considers award resolution for GORB (finalizes terms and interest rates)..... October 15, 2018
- GORB Closing/NAN Paid off (funds available)..... November 5, 2018

### Borrowing Amount / Structure / Purpose

|                                 |                          |   |
|---------------------------------|--------------------------|---|
| <b>Estimated Amount:</b>        | \$7,005,000              | \$8,755,000   |
| <b>Issue:</b>                   | Note Anticipation Note   | General Obligation Refunding Bonds                                    |
| <b>Purpose:</b>                 | Levy Supported Projects  | Refund 2018 NAN, 2008B Bonds, 2009 Bonds, and a portion of 2011 Notes |
| <b>Structure:</b>               | Matures January 3, 2019  | Matures February 1, 2023 - 2038                                       |
| <b>First Interest:</b>          | January 3, 2019          | February 1, 2019  |
| <b>Callable:</b>                | Callable October 3, 2018 | Callable February 1, 2026   |
| <b>Estimated Interest Rate:</b> | 2.73%                    | 3.66%   |
| <b>Detailed Analysis:</b>       | Page 5                   | Page 3-5  |

# City of Manitowoc

## Finance Committee

### Current Refunding Illustration



| Calendar Year | BEFORE REFINANCING   |        |                      |  |        |                      |  |        |                      |                                       | TOTAL NET G.O. DEBT SERVICE |
|---------------|--|--------|----------------------|--|--------|----------------------|--|--------|----------------------|---------------------------------------|-----------------------------|
|               | \$5,600,000<br>G.O. Corp Purp. Bonds, 2008B<br>Dated June 30, 2008 |        |                      | \$6,225,000<br>G.O. Corporate Purp. Bonds<br>Dated February 17, 2009 |        |                      | \$1,605,000<br>G.O. Promissory Notes<br>Dated April 25, 2011 |        |                      | OTHER NET G.O. SERVICE <sup>(3)</sup> |                             |
|               | PRINCIPAL (2/1)  | RATE   | INTEREST (2/1 & 8/1) | PRINCIPAL (2/1)  | RATE   | INTEREST (2/1 & 8/1) | PRINCIPAL (2/1)  | RATE   | INTEREST (2/1 & 8/1) |                                       |                             |
| 2018          | \$410,000  | 4.000% | \$36,000             | \$425,000  | 4.000% | \$64,100             | \$190,000  | 2.350% | \$19,040             | \$5,211,840                           | \$6,355,980                 |
| 2019          | <b>\$420,000</b>   | 4.000% | \$19,400             | \$445,000  | 4.000% | \$46,700             | \$195,000  | 2.550% | \$14,321             | \$5,809,482                           | \$6,949,903                 |
| 2020          | <b>\$275,000</b>   | 4.000% | \$5,500              | <b>\$460,000</b>   | 4.000% | \$28,600             | <b>\$205,000</b>   | 2.700% | \$9,068              | \$6,066,247                           | \$7,049,414                 |
| 2021          | +++  |        |                      | <b>\$485,000</b>   | 4.000% | \$9,700              | <b>\$210,000</b>   | 3.000% | \$3,150              | \$6,191,980                           | \$6,899,830                 |
| 2022          | +++  |        |                      | +++  |        |                      |  |        |                      | \$6,231,614                           | \$6,231,614                 |
| 2023          | +++  |        |                      | +++  |        |                      |  |        |                      | \$5,601,032                           | \$5,601,032                 |
| 2024          |  |        |                      | +++  |        |                      |  |        |                      | \$3,942,687                           | \$3,942,687                 |
| 2025          |  |        |                      |  |        |                      |  |        |                      | \$3,112,658                           | \$3,112,658                 |
| 2026          |  |        |                      |  |        |                      |  |        |                      | \$2,171,965                           | \$2,171,965                 |
| 2027          |  |        |                      |  |        |                      |  |        |                      | \$705,138                             | \$705,138                   |
| 2028          |  |        |                      |  |        |                      |  |        |                      |                                       |                             |
| 2029          |  |        |                      |  |        |                      |  |        |                      |                                       |                             |
|               | <u>\$1,105,000</u>   |        | <u>\$60,900</u>      | <u>\$1,815,000</u>   |        | <u>\$149,100</u>     | <u>\$800,000</u>   |        | <u>\$45,579</u>      | <u>\$45,044,641</u>                   | <u>\$49,020,220</u>         |

Maturities callable 2/1/2018 or any date thereafter.

Maturities callable 2/1/2019 or any date thereafter.

Maturities callable 2/1/2019 or any date thereafter.

|     |                                    |
|-----|------------------------------------|
|     | CALLABLE MATURITIES                |
|     | Partially refunded with 2015 Bonds |
| +++ | Refunded with 2015 Bonds           |

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +35bps for municipal bonds as of 2/27/18. 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) Present value calculated using the All Inclusive Cost (AIC) of 3.34% as the discount rate. Includes assumed investment earnings at 1.00%.

(3) Includes bid premium offset of \$135,805 in 2018 from 2017 G.O. Promissory Notes.

| Interest Rate Sensitivity |                   |                    |
|---------------------------|-------------------|--------------------|
| Change in Rates           | Est. PV % Savings | Est. PV \$ Savings |
| -0.30%                    | 2.204%            | \$40,766           |
| -0.20%                    | 1.574%            | \$29,121           |
| -0.10%                    | 0.944%            | \$17,473           |
| +0.10%                    | -0.335%           | (\$6,199)          |
| +0.20%                    | -0.971%           | (\$17,967)         |
| +0.30%                    | -1.617%           | (\$29,917)         |

# City of Manitowoc

## Finance Committee

### Current Refunding Illustration (Cont.)



| AFTER REFINANCING  |                         |  |                         |  |                         |   |                         |             |                              |   |  |                  |
|--|-------------------------|--|-------------------------|--|-------------------------|---|-------------------------|-------------|------------------------------|---|--|------------------|
| \$5,600,000<br>G.O. Corp Purp. Bonds, 2008B<br>Dated June 30, 2008 |                         | \$6,225,000<br>G.O. Corporate Purp. Bonds<br>Dated February 17, 2009 |                         | \$1,605,000<br>G.O. Promissory Notes<br>Dated April 25, 2011 |                         | \$1,750,000<br>G.O. Refunding Bonds (CR)<br>Dated November 5, 2018 <sup>1</sup> |                         |             | OTHER<br>NET G.O.<br>SERVICE | TOTAL<br>NET G.O.<br>NEW DEBT<br>SERVICE <sup>(3)</sup> | POTENTIAL<br>DEBT SERVICE<br>SAVINGS (COSTS) | Calendar<br>Year |
| PRINCIPAL<br>(2/1)   | INTEREST<br>(2/1 & 8/1) | PRINCIPAL<br>(2/1)   | INTEREST<br>(2/1 & 8/1) | PRINCIPAL<br>(2/1)   | INTEREST<br>(2/1 & 8/1) | PRINCIPAL<br>(2/1)  | INTEREST<br>(2/1 & 8/1) | TOTAL       |                              |   |  |                  |
|  |                         |  |                         |  |                         |   | TIC =<br>3.18%          |             |                              |   |  |                  |
| \$410,000  | \$36,000                | \$425,000  | \$64,100                | \$190,000  | \$19,040                |   |                         |             | \$5,211,840                  | \$6,355,980   | \$0  | 2018             |
| ***  |                         | \$445,000  | \$8,900                 | \$195,000  | \$8,021                 |   | \$58,018                | \$58,018    | \$5,809,482                  | \$6,524,420   | \$425,482                                    | 2019             |
| ***  |                         | ***  |                         | \$205,000  | \$2,768                 |   | \$78,520                | \$78,520    | \$6,066,247                  | \$6,352,534   | \$696,880                                    | 2020             |
| +++  |                         | ***  |                         | ***  |                         |   | \$78,520                | \$78,520    | \$6,191,980                  | \$6,270,500   | \$629,330                                    | 2021             |
| +++  |                         | +++  |                         |  |                         |   | \$78,520                | \$78,520    | \$6,231,614                  | \$6,310,134   | (\$78,520)                                   | 2022             |
| +++  |                         | +++  |                         |  |                         | \$235,000   | \$73,820                | \$308,820   | \$5,601,032                  | \$5,909,852   | (\$308,820)                                  | 2023             |
|  |                         | +++  |                         |  |                         | \$240,000   | \$63,120                | \$303,120   | \$3,942,687                  | \$4,245,807   | (\$303,120)                                  | 2024             |
|  |                         | +++  |                         |  |                         | \$255,000   | \$50,745                | \$305,745   | \$3,112,658                  | \$3,418,403   | (\$305,745)                                  | 2025             |
|  |                         | +++  |                         |  |                         | \$270,000   | \$38,498                | \$308,498   | \$2,171,965                  | \$2,480,463   | (\$308,498)                                  | 2026             |
|  |                         |  |                         |  |                         | \$280,000   | \$26,535                | \$306,535   | \$705,138                    | \$1,011,673   | (\$306,535)                                  | 2027             |
|  |                         |  |                         |  |                         | \$295,000   | \$14,029                | \$309,029   |                              | \$309,029   | (\$309,029)                                  | 2028             |
|  |                         |  |                         |  |                         | \$175,000   | \$3,806                 | \$178,806   |                              | \$178,806   | (\$178,806)                                  | 2029             |
| \$410,000  | \$36,000                | \$870,000  | \$73,000                | \$590,000  | \$29,829                | \$1,750,000   | \$564,130               | \$2,314,130 | \$45,044,641                 | \$49,367,600  | (\$347,380)                                  |                  |

\*\*\* REFINANCED WITH 2018 ISSUE.

ROUNDING AMOUNT..... \$566  
 POTENTIAL GROSS SAVINGS (LOSS)..... (\$346,814)

(2) POTENTIAL PRESENT VALUE SAVINGS..... \$5,682  
 POTENTIAL PV SAVINGS %..... 0.307%

# City of Manitowoc

## Finance Committee

### Financing Plan



| New Debt Issued 2018-2022 = \$25,900,000 |          |  |                                      |                              |                              |   |                           |   |   |                           |   |   |          |      |  |
|--|----------|--|--------------------------------------|------------------------------|------------------------------|---|---------------------------|---|---|---------------------------|---|---|----------|------|--|
|  |          |  |                                      |                              |                              | 2018  |                           |   | 2019 <sup>(B)</sup>   |                           |   |   |          |      |  |
|  |          |  |                                      |                              |                              | <b>\$7,005,000</b><br><b>NAN - POS</b><br><i>Dated April 3, 2018</i><br><i>(Due 1/3/19)</i> |                           |   | <b>\$7,005,000</b><br><b>G.O. REFUNDING BONDS <sup>(B)</sup></b><br><i>Dated November 5, 2018</i><br><i>(First interest 2/1/19)</i> |                           |   | <b>\$5,895,000</b><br><b>G.O. PROMISSORY NOTES</b><br><i>Dated August 1, 2019</i><br><i>(First interest 2/1/20)</i> |          |      |  |
| LEVY YEAR                                | YEAR DUE | EXISTING DEBT<br><i>(Levy Supported)</i><br><i>(A)</i> | 2017 REFINANCE<br><i>(Bank Note)</i> | 2018 REFINANCE<br><i>(B)</i> | 2021 REFINANCE<br><i>(B)</i> | INTEREST<br><i>(Callable 10/3/18)</i><br>RATE=<br>2.73%                                     | PRINCIPAL<br><i>(2/1)</i> | INTEREST<br><i>(2/1 &amp; 8/1)</i><br>TIC=<br>3.74% | BID PREMIUM   | PRINCIPAL<br><i>(2/1)</i> | INTEREST<br><i>(2/1 &amp; 8/1)</i><br>AVG=<br>3.00% | BID PREMIUM   | YEAR DUE |      |  |
| 2016                                     | 2017     | \$6,273,876  |                                      |                              |                              |   |                           |   |   |                           |   |   | 2017     |      |  |
| 2017                                     | 2018     | \$6,950,402  | (\$594,422)                          |                              |                              | \$112,617   |                           |   |   |                           |   |   | 2018     |      |  |
| 2018                                     | 2019     | \$7,101,106  | (\$151,203)                          | (\$425,482)                  |                              |   |                           |   |   |                           |   |   | 2019     |      |  |
| 2019                                     | 2020     | \$7,032,936  | \$16,478                             | (\$696,880)                  |                              |   |                           |   |   |                           |   |   | 2020     |      |  |
| 2020                                     | 2021     | \$6,883,352  | \$16,478                             | (\$629,330)                  | \$0                          |   |                           |   |   |                           |   |   | 2021     |      |  |
| 2021                                     | 2022     | \$6,215,136  | \$16,478                             | \$78,520                     | (\$225,000)                  | Assumes NAN principal and interest refinanced with bonds on 11/5/2018.                      |                           |   |   |                           |   |   | 2022     |      |  |
| 2022                                     | 2023     | \$5,440,844  | \$160,188                            | \$308,820                    | \$8,450                      |   |                           |   |   |                           |   |   |          | 2023 |  |
| 2023                                     | 2024     | \$3,780,260  | \$162,427                            | \$303,120                    | \$8,450                      |   | \$455,000                 | \$284,965   |   |                           |   |   |          | 2024 |  |
| 2024                                     | 2025     | \$2,849,455  | \$263,203                            | \$305,745                    | \$8,450                      |   | \$480,000                 | \$261,590   |   |                           |   |   |          | 2025 |  |
| 2025                                     | 2026     | \$2,057,803  | \$114,162                            | \$308,498                    | \$42,838                     |   | \$500,000                 | \$238,715   |   |                           |   |   |          | 2026 |  |
| 2026                                     | 2027     | \$588,700  | \$116,438                            | \$306,535                    | \$41,613                     |   | \$525,000                 | \$216,421   |   |                           |   |   |          | 2027 |  |
| 2027                                     | 2028     |  |                                      | \$309,029                    | \$45,300                     |   | \$545,000                 | \$193,149   |   |                           |   |   |          | 2028 |  |
| 2028                                     | 2029     |  |                                      | \$178,806                    | \$43,900                     |   | \$370,000                 | \$173,248   |   |                           |   |   |          | 2029 |  |
| 2029                                     | 2030     |  |                                      |                              | \$42,500                     |   |                           | \$390,000   | \$157,400   |                           |   |   |          | 2030 |  |
| 2030                                     | 2031     |  |                                      |                              | \$40,900                     |   |                           | \$405,000   | \$141,500   |                           |   |   |          | 2031 |  |
| 2031                                     | 2032     |  |                                      |                              |                              |   | \$420,000                 | \$125,000   |   |                           |   |   | 2032     |      |  |
| 2032                                     | 2033     |  |                                      |                              |                              |   | \$440,000                 | \$107,800   |   |                           |   |   | 2033     |      |  |
| 2033                                     | 2034     |  |                                      |                              |                              |   | \$455,000                 | \$89,900  |   |                           |   |   | 2034     |      |  |
| 2034                                     | 2035     |  |                                      |                              |                              |   | \$475,000                 | \$71,300  |   |                           |   |   | 2035     |      |  |
| 2035                                     | 2036     |  |                                      |                              |                              |   | \$495,000                 | \$51,900  |   |                           |   |   | 2036     |      |  |
| 2036                                     | 2037     |  |                                      |                              |                              |   | \$515,000                 | \$31,700  |   |                           |   |   | 2037     |      |  |
| 2037                                     | 2038     |  |                                      |                              |                              |   | \$535,000                 | \$10,700  |   |                           |   |   | 2038     |      |  |
|  |          | \$55,173,870   | \$120,226                            | \$347,380                    | \$57,400                     |   | \$7,005,000               | \$3,559,610   | (\$90,223)  | \$5,895,000               | \$1,206,075   | (\$266,850)   |          |      |  |

(A) Includes bid premium offset of \$120,869 in 2017 from 2016 G.O. Promissory Notes & \$135,805 in 2018 from 2017 G.O. Promissory Notes.

(B) This information is provided for information purposes only. It does not recommend any future issuances and is not intended to be, and should not be regarded as, advice.

# City of Manitowoc

## Finance Committee

### Financing Plan (Cont.)



**New Debt Issued 2018-2022 = \$25,900,000**

| YEAR DUE | 2020 <sup>(B)</sup>   |  |             | 2021 <sup>(B)</sup>   |  |             | 2022 <sup>(B)</sup>   |  |             | FUTURE BORROWINGS <sup>(B)</sup><br><i>(C)</i> | TOTAL DEBT PAYMENTS <sup>(B)</sup><br><i>(Levy Supported)</i> | ANNUAL LEVY INCREASE | YEAR DUE |
|----------|---|--|-------------|---|--|-------------|---|--|-------------|--|---|----------------------|----------|
|          | PRINCIPAL <sup>(2/1)</sup>  | INTEREST <sup>(2/1 &amp; 8/1)</sup><br>AVG=<br>3.00% | BID PREMIUM | PRINCIPAL <sup>(2/1)</sup>  | INTEREST <sup>(2/1 &amp; 8/1)</sup><br>AVG=<br>3.00% | BID PREMIUM | PRINCIPAL <sup>(2/1)</sup>  | INTEREST <sup>(2/1 &amp; 8/1)</sup><br>AVG=<br>3.00% | BID PREMIUM |  |   |                      |          |
|          | <b>\$5,000,000</b>  |  |             | <b>\$4,000,000</b>  |  |             | <b>\$4,000,000</b>  |  |             |  |   |                      |          |
|          | <b>G.O. PROMISSORY NOTES</b><br><i>Dated August 1, 2020</i><br><i>(First interest 2/1/21)</i> |  |             | <b>G.O. PROMISSORY NOTES</b><br><i>Dated August 1, 2021</i><br><i>(First interest 2/1/22)</i> |  |             | <b>G.O. PROMISSORY NOTES</b><br><i>Dated August 1, 2022</i><br><i>(First interest 2/1/23)</i> |  |             |  |   |                      |          |
| 2017     |   |  |             |   |  |             |   |  |             |  | \$6,273,876   |                      | 2017     |
| 2018     |   |  |             |   |  |             |   |  |             |  | \$6,355,980   | \$82,104             | 2018     |
| 2019     |   |  |             |   |  |             |   |  |             |  | \$6,653,160   | \$297,180            | 2019     |
| 2020     |   |  |             |   |  |             |   |  |             |  | \$6,648,874   | (\$4,286)            | 2020     |
| 2021     |   | \$150,000  | (\$150,000) |   |  |             |   |  |             |  | \$6,653,690   |                      | 2021     |
| 2022     |   | \$150,000  | (\$55,000)  |   | \$120,000  | (\$120,000) |   |  |             |  | \$6,653,324   |                      | 2022     |
| 2023     |   | \$150,000  |             |   | \$120,000  | (\$10,000)  |   | \$120,000  | (\$120,000) |  | \$6,651,491   |                      | 2023     |
| 2024     |   | \$150,000  |             |   | \$120,000  |             |   | \$120,000  |             | 150,000  | \$6,651,747   |                      | 2024     |
| 2025     | \$775,000   | \$138,375  |             |   | \$120,000  |             |   | \$120,000  |             | 300,000  | \$6,651,593   |                      | 2025     |
| 2026     | \$795,000   | \$114,825  |             | \$620,000   | \$110,700  |             |   | \$120,000  |             | 450,000  | \$6,652,765   |                      | 2026     |
| 2027     | \$820,000   | \$90,600   |             | \$635,000   | \$91,875   |             | \$620,000   | \$110,700  |             | 600,000  | \$6,654,531   |                      | 2027     |
| 2028     | \$845,000   | \$65,625   |             | \$655,000   | \$72,525   |             | \$635,000   | \$91,875   |             | 2,611,650                                      | \$6,654,952   |                      | 2028     |
| 2029     | \$870,000   | \$39,900   |             | \$675,000   | \$52,575   |             | \$655,000   | \$72,525   |             | 2,931,500                                      | \$6,651,154   |                      | 2029     |
| 2030     | \$895,000   | \$13,425   |             | \$695,000   | \$32,025   |             | \$675,000   | \$52,575   |             | 3,584,275                                      | \$6,537,200   | (\$113,954)          | 2030     |
| 2031     |   |  |             | \$720,000   | \$10,800   |             | \$695,000   | \$32,025   |             | 4,490,675                                      | \$6,535,900   |                      | 2031     |
| 2032     |   |  |             |   |  |             | \$720,000   | \$10,800   |             | 5,258,300                                      | \$6,534,100   |                      | 2032     |
| 2033     |   |  |             |   |  |             |   |  |             | 5,989,100                                      | \$6,536,900   |                      | 2033     |
| 2034     |   |  |             |   |  |             |   |  |             | 5,989,100                                      | \$6,534,000   |                      | 2034     |
| 2035     |   |  |             |   |  |             |   |  |             | 5,989,100                                      | \$6,535,400   |                      | 2035     |
| 2036     |   |  |             |   |  |             |   |  |             | 5,989,100                                      | \$6,536,000   |                      | 2036     |
| 2037     |   |  |             |   |  |             |   |  |             | 5,989,100                                      | \$6,535,800   |                      | 2037     |
| 2038     |   |  |             |   |  |             |   |  |             | 5,989,100                                      | \$6,534,800   |                      | 2038     |
|          | \$5,000,000   | \$1,062,750  | (\$205,000) | \$4,000,000   | \$850,500  | (\$130,000) | \$4,000,000   | \$850,500  | (\$120,000) | \$56,311,000                                   | \$144,627,238   |                      |          |

(B) This information is provided for information purposes only. It does not recommend any future issuances and is not intended to be, and should not be regarded as, advice.

(C) Assumes \$5,000,000 issued annually. 10 year repayment at 3.00% interest rate.