

The logo for the law firm BAIRD, featuring the word "BAIRD" in white, serif, all-caps font centered within a blue parallelogram that is tilted upwards to the right.

BAIRD

# City of Manitowoc

Finance Committee Meeting

August 7, 2018

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# City of Manitowoc

## Tentative Timeline

- Finance Committee considers set sale resolution .....August 7, 2018
- Common Council considers set sale resolution ..... August 20, 2018
- Common Council considers award resolution (finalizes terms and interest rates) ..... October 15, 2018
- Closing (funds available)..... November 5, 2018

## Borrowing Amount / Structure / Purpose

<b>Amount:</b>	\$8,750,000 (est.)
<b>Issue:</b>	General Obligation Refunding Bonds
<b>Purpose:</b>	Refund 2018 NAN, 2008B Bonds, 2009 Bonds, and a portion of 2011 Notes
<b>Structure:</b>	Matures February 1, 2023 - 2038
<b>First Interest:</b>	February 1, 2019
<b>Callable:</b>	Callable February 1, 2026
<b>Interest Rate:</b>	3.47% (est.)
<b>Detailed Analysis:</b>	Page 3-6

# City of Manitowoc

## Current Refunding Illustration



BEFORE REFINANCING											
Calendar Year	\$5,600,000 G.O. Corp Purp. Bonds, 2008B Dated June 30, 2008			\$6,225,000 G.O. Corporate Purp. Bonds Dated February 17, 2009			\$1,605,000 G.O. Promissory Notes Dated April 25, 2011			OTHER NET G.O. SERVICE <sup>(1)</sup>	TOTAL NET G.O. DEBT SERVICE
	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	\$420,000	4.000%	\$19,400	\$445,000	4.000%	\$46,700	\$195,000	2.550%	\$14,321	\$5,809,274	\$6,949,695
2020	\$275,000	4.000%	\$5,500	\$460,000	4.000%	\$28,600	\$205,000	2.700%	\$9,068	\$6,066,066	\$7,049,233
2021	+++			\$485,000	4.000%	\$9,700	\$210,000	3.000%	\$3,150	\$6,191,827	\$6,899,677
2022	+++			+++						\$6,231,492	\$6,231,492
2023	+++			+++						\$5,600,943	\$5,600,943
2024				+++						\$3,942,633	\$3,942,633
2025										\$3,112,640	\$3,112,640
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>\$45,043,817</u>	<u>\$49,019,395</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) Includes bid premium offset of \$135,805 in 2018 from 2017 G.O. Promissory Notes. Net of BABs subsidy.



# City of Manitowoc

## Current Refunding Illustration (Cont.)

AFTER REFINANCING											POTENTIAL DEBT SERVICE SAVINGS (COSTS)	Calendar Year	
\$5,600,000 G.O. Corp Purp. Bonds, 2008B Dated June 30, 2008		\$6,225,000 G.O. Corporate Purp. Bonds Dated February 17, 2009		\$1,605,000 G.O. Promissory Notes Dated April 25, 2011		\$1,745,000 G.O. Refunding Bonds (CR) Dated November 5, 2018 <sup>(1)</sup>			OTHER NET G.O. SERVICE <sup>(3)</sup>	TOTAL NET G.O. NEW DEBT SERVICE			
PRINCIPAL (2/1)	INTEREST (2/1 & 8/1)	PRINCIPAL (2/1)	INTEREST (2/1 & 8/1)	PRINCIPAL (2/1)	INTEREST (2/1 & 8/1)	PRINCIPAL (2/1)	INTEREST (2/1 & 8/1)	TOTAL					
\$410,000	\$36,000	\$425,000	\$64,100	\$190,000	\$19,040					\$5,211,840	\$6,355,980	\$0	2018
***		\$445,000	\$27,800	\$195,000	\$11,171					\$5,809,274	\$6,541,130	\$408,566	2019
***				\$205,000	\$2,768		\$52,884	\$52,884		\$6,066,066	\$6,345,406	\$703,828	2020
+++							\$71,573	\$71,573		\$6,191,827	\$6,263,400	\$636,278	2021
+++							\$71,573	\$71,573		\$6,231,492	\$6,303,065	(\$71,573)	2022
+++							\$240,000	\$66,773	\$306,773	\$5,600,943	\$5,907,715	(\$306,773)	2023
							\$245,000	\$57,073	\$302,073	\$3,942,633	\$4,244,705	(\$302,073)	2024
							\$255,000	\$47,073	\$302,073	\$3,112,640	\$3,414,712	(\$302,073)	2025
							\$265,000	\$36,341	\$301,341	\$2,171,965	\$2,473,306	(\$301,341)	2026
							\$275,000	\$25,004	\$300,004	\$705,138	\$1,005,141	(\$300,004)	2027
							\$290,000	\$13,280	\$303,280		\$303,280	(\$303,280)	2028
							\$175,000	\$3,631	\$178,631		\$178,631	(\$178,631)	2029
\$410,000	\$36,000	\$870,000	\$91,900	\$590,000	\$32,979	\$1,745,000	\$516,775	\$2,261,775	\$45,043,817	\$49,336,471	(\$317,075)		

\*\*\* REFINANCED WITH Dated November 5, 2018 (1) ISSUE.

ROUNDING AMOUNT.....	\$207
POTENTIAL GROSS SAVINGS (LOSS).....	(\$316,868)
(2) POTENTIAL PRESENT VALUE SAVINGS.....	\$16,878
POTENTIAL PV SAVINGS %.....	0.912%

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +15bps for municipal bonds as of 7/23/18. 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 AIC of 3.21% as the discount rate. Includes assumed investment earnings at 1.50%.

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

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	2.794%	\$51,686
-0.20%	2.169%	\$40,129
-0.10%	1.538%	\$28,447
+0.10%	0.283%	\$5,238
+0.20%	-0.353%	(\$6,526)
+0.30%	-0.981%	(\$18,147)

# City of Manitowoc Financing Plan



							New Debt Issued 2018-2022 = \$25,900,000							
							2018			2019 <sup>(B)</sup>				
		\$7,005,000 NAN - FINAL Dated April 3, 2018 (Due 1/3/19)	\$7,005,000 G.O. REFUNDING BONDS Dated November 5, 2018 (First interest 2/1/19)		\$5,895,000 G.O. PROMISSORY NOTES Dated August 1, 2019 (First interest 2/1/20)									
LEVY YEAR	YEAR DUE	EXISTING DEBT (Levy Supported) (A)	2017 REFINANCE (Bank Note)	2018 REFINANCE	2021 REFINANCE (B)	INTEREST (Callable 10/3/18) RATE= 2.73%	PRINCIPAL (2/1)	INTEREST (2/1 & 8/1) TIC= 3.54%	BID PREMIUM (\$94,008)	PRINCIPAL (2/1)	INTEREST (2/1 & 8/1) AVG= 3.00%	BID PREMIUM	YEAR DUE	
2016	2017	\$6,273,876				\$117,929							2017	
2017	2018	\$6,950,402	(\$594,422)										2018	
2018	2019	\$7,100,899	(\$151,203)	(\$408,566)				\$206,861					2019	
2019	2020	\$7,032,755	\$16,478	(\$703,828)				\$279,963		\$25,000	\$176,100	(\$176,100)	2020	
2020	2021	\$6,883,199	\$16,478	(\$636,278)	\$0			\$279,963			\$176,100	(\$65,000)	2021	
2021	2022	\$6,215,014	\$16,478	\$71,573	(\$224,050)	Assumes NAN principal and interest refinanced with bonds on 11/15/2018.		\$279,963			\$176,100		2022	
2022	2023	\$5,440,755	\$160,188	\$306,773	\$9,400			\$279,963			\$176,100		2023	
2023	2024	\$3,780,206	\$162,427	\$302,073	\$9,400		\$460,000	\$270,763		\$965,000	\$161,625		2024	
2024	2025	\$2,849,437	\$263,203	\$302,073	\$9,400		\$480,000	\$251,963		\$910,000	\$133,500		2025	
2025	2026	\$2,057,803	\$114,162	\$301,341	\$43,700		\$500,000	\$231,738		\$1,090,000	\$103,500		2026	
2026	2027	\$588,700	\$116,438	\$300,004	\$42,300		\$520,000	\$210,323		\$1,845,000	\$59,475		2027	
2027	2028			\$303,280	\$40,900		\$545,000	\$188,224		\$520,000	\$24,000		2028	
2028	2029			\$178,631	\$44,400		\$370,000	\$169,238		\$540,000	\$8,100		2029	
2029	2030				\$42,700			\$390,000	\$153,468					2030
2030	2031				\$40,900			\$405,000	\$136,971					2031
2031	2032						\$420,000	\$120,378					2032	
2032	2033						\$440,000	\$103,608					2033	
2033	2034						\$455,000	\$85,586					2034	
2034	2035						\$475,000	\$66,289					2035	
2035	2036						\$495,000	\$47,646					2036	
2036	2037						\$515,000	\$29,461					2037	
2037	2038						\$535,000	\$10,031					2038	
		\$55,173,045	\$120,226	\$317,075	\$59,050		\$7,005,000	\$3,402,395	(\$94,008)	\$5,895,000	\$1,194,600	(\$241,100)		

(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. Net of BABs subsidy.  
 (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

## Financing Plan (Cont.)

New Debt Issued 2018-2022 = \$25,900,000												
2020 <sup>(B)</sup>			2021 <sup>(B)</sup>			2022 <sup>(B)</sup>			FUTURE BORROWINGS <sup>(B)</sup> <sup>(C)</sup>	TOTAL DEBT PAYMENTS <sup>(B)</sup> <i>(Levy Supported)</i>	ANNUAL LEVY INCREASE	YEAR DUE
\$5,000,000 G.O. PROMISSORY NOTES <i>Dated August 1, 2020 (First interest 2/1/21)</i>			\$4,000,000 G.O. PROMISSORY NOTES <i>Dated August 1, 2021 (First interest 2/1/22)</i>			\$4,000,000 G.O. PROMISSORY NOTES <i>Dated August 1, 2022 (First interest 2/1/23)</i>						
YEAR DUE	PRINCIPAL <i>(2/1)</i>	INTEREST <i>(2/1 &amp; 8/1)</i> AVG= 3.00%	BID PREMIUM	PRINCIPAL <i>(2/1)</i>	INTEREST <i>(2/1 &amp; 8/1)</i> AVG= 3.00%	BID PREMIUM	PRINCIPAL <i>(2/1)</i>	INTEREST <i>(2/1 &amp; 8/1)</i> AVG= 3.00%	BID PREMIUM			
2017											\$6,273,876	2017
2018											\$6,355,980	2018
2019											\$6,653,982	\$82,104 2019
2020											\$6,650,368	\$298,002 (\$3,614) 2020
2021		\$150,000	(\$150,000)								\$6,654,462	2021
2022		\$150,000	(\$35,000)		\$120,000	(\$120,000)					\$6,650,077	2022
2023		\$150,000			\$120,000		\$120,000	(\$110,000)			\$6,653,178	2023
2024		\$150,000			\$120,000		\$120,000			150,000	\$6,651,493	2024
2025	\$775,000	\$138,375			\$120,000		\$120,000			300,000	\$6,652,950	2025
2026	\$795,000	\$114,825		\$620,000	\$110,700		\$120,000			450,000	\$6,652,768	2026
2027	\$820,000	\$90,600		\$635,000	\$91,875		\$620,000	\$110,700		600,000	\$6,650,414	2027
2028	\$845,000	\$65,625		\$655,000	\$72,525		\$635,000	\$91,875		2,665,825	\$6,652,254	2028
2029	\$870,000	\$39,900		\$675,000	\$52,575		\$655,000	\$72,525		2,979,100	\$6,654,469	2029
2030	\$895,000	\$13,425		\$695,000	\$32,025		\$675,000	\$52,575		3,581,125	\$6,530,318	(\$124,151) 2030
2031				\$720,000	\$10,800		\$695,000	\$32,025		4,487,525	\$6,528,221	2031
2032							\$720,000	\$10,800		5,260,075	\$6,531,253	2032
2033										5,985,800	\$6,529,408	2033
2034										5,985,800	\$6,526,386	2034
2035										5,985,800	\$6,527,089	2035
2036										5,985,800	\$6,528,446	2036
2037										5,985,800	\$6,530,261	2037
2038										5,985,800	\$6,530,831	2038
	\$5,000,000	\$1,062,750	(\$185,000)	\$4,000,000	\$850,500	(\$120,000)	\$4,000,000	\$850,500	(\$110,000)	\$56,388,450	\$144,568,483	

(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.