City of Manitowoc

Final Pricing Summary

March 3, 2014

Bradley D. Viegut, Managing Director

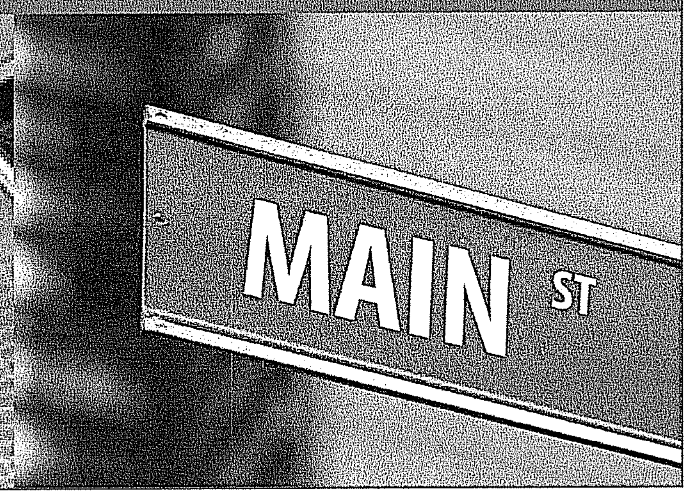
bviegut@rwbaird.com

777 East Wisconsin Avenue

Milwaukee, WI 53202

Phone 414.765.3827

rwbaird.com/publicfinance



Issue Summary

Description:	General Obligation Promissory Notes
Amount:	$3,965,000
Dated & Settlement Date:	March 24, 2014
Maturities:	February 1, 2016 - 2024
First Interest Payment:	February 1, 2015
First Call Date:	February 1, 2022 or any date thereafter
Moody's Rating:	A1
True Interest Cost:	1.97%

Refunded Issues

Dated Date:	April 9, 2007	May 23, 2008
Refunded Maturities:	February 1, 2015 - 2017	February 1, 2016 - 2018
Total Savings (After Costs):		$50,529
Present Value Savings (1):		$57,486
Savings As a Percentage of Refunded Debt:		3.30%

(1) Present value calculated using the All Inclusive Cost (AIC) of 1.54% as the discount rate.

City of Manitowoc

Financing Plan

BAIRD

LEVY YEAR	YEAR DUE	EXISTING DEBT PAYMENTS (A)	EFFECT OF REFINANCING General Fund	NET EXISTING DEBT PAYMENTS (A)	FINAL $2,275,000 G.O. Promissory Notes Dated March 24, 2014 (First interest 2/1/15) PRINCIPAL (2/1)	INTEREST (2/1 & 8/1) TIC= 2.23%	TOTAL	LESS: REVENUES (B)	TOTAL DEBT PAYMENTS (A)
2013	2014	$7,247,926		$7,247,926					$7,247,926
2014	2015	$7,219,646	($180,947)	$7,038,699		$77,717	$77,717	($63,500)	$7,052,916
2015	2016	$6,580,997	($173,747)	$6,407,250		$57,450	$57,450	($63,500)	$6,401,200
2016	2017	$6,041,192	$66,719	$6,107,911	$260,000	$54,850	$314,850	($63,500)	$6,359,261
2017	2018	$5,510,555	$236,650	$5,747,205	$265,000	$49,600	$314,600	($63,500)	$5,998,305
2018	2019	$5,124,827		$5,124,827	$275,000	$44,200	$319,200	($63,500)	$5,380,527
2019	2020	$4,735,824		$4,735,824	$280,000	$38,650	$318,650		$5,054,474
2020	2021	$4,385,510		$4,385,510	$285,000	$31,575	$316,575		$4,702,085
2021	2022	$3,700,266		$3,700,266	$295,000	$22,875	$317,875		$4,018,141
2022	2023	$2,912,663		$2,912,663	$305,000	$13,875	$318,875		$3,231,538
2023	2024	$1,259,602		$1,259,602	$310,000	$4,650	$314,650		$1,574,252
2024	2025	$700,992		$700,992					$700,992
2025	2026	$264,745		$264,745					$264,745
		$55,684,745	($51,325)	$55,633,421	$2,275,000	$395,442	$2,670,442	($317,500)	$57,986,363

(A) Net of revenues & subsidies; levy supported portion only.

(B) Estimated special assessments related to the following projects:

Annual NEW Sidewalk Program...	*$25,000*
Annual Storm Sewer Relay/Repairs...	*$125,000*
Annual Remove and Replace Sidewalk Program.......................	*$100,000*
Annual Concrete Paving Program...	*$430,000*

City of Manitowoc

Summary of Refinancing

BAIRD

	BEFORE REFINANCING						
	$1,780,000 G.O. Promissory Notes Dated April 9, 2007			**$3,660,000 G.O. Promissory Notes Dated May 23, 2008**			**TOTAL DEBT SERVICE**
Calendar Year	PRINCIPAL *(2/1)*	RATE	INTEREST *(2/1 & 8/1)*	PRINCIPAL *(2/1)*	RATE	INTEREST *(2/1 & 8/1)*	
2014	$175,000	3.800%	$23,275	$370,000	3.500%	$65,025	$633,300
2015	***$175,000***	3.800%	$16,625	$385,000	3.500%	$51,813	$628,438
2016	***$175,000***	3.800%	$9,975	***$390,000***	3.625%	$38,006	$612,981
2017	***$175,000***	3.800%	$3,325	***$405,000***	3.750%	$23,344	$606,669
2018				***$420,000***	3.750%	$7,875	$427,875
	$700,000		$53,200	$1,970,000		$186,063	$2,909,263

CALLABLE MATURITIES

'15-'17 Callable 2/1/14 @ Par

'16-'18 Callable 2/1/15 @ Par

Purpose: General Fund

Purpose: General Fund, TID#15, TID#16

City of Manitowoc

Summary of Refinancing

AFTER REFINANCING

Calendar Year	$1,780,000 G.O. Promissory Notes Dated April 9, 2007 PRINCIPAL (2/1)	INTEREST (2/1 & 8/1)	$3,660,000 G.O. Promissory Notes Dated May 23, 2008 PRINCIPAL (2/1)	INTEREST (2/1 & 8/1)	$1,690,000 G.O. Promissory Notes (CR/AR) Dated March 24, 2014 PRINCIPAL (2/1)	INTEREST (2/1 & 8/1) TIC= 1.24%	TOTAL	TOTAL NEW DEBT SERVICE	DEBT SERVICE SAVINGS
2014	$175,000	$13,300	$370,000	$42,488				$600,788	***$32,513***
2015	***		$385,000	$6,738		$45,724	$45,724	$437,461	***$190,976***
2016	***		***		$400,000	$29,800	$429,800	$429,800	***$183,181***
2017	***		***		$640,000	$19,400	$659,400	$659,400	***($52,731)***
2018			***		$650,000	$6,500	$656,500	$656,500	***($228,625)***
	$175,000	$13,300	$755,000	$49,225	$1,690,000	$101,424	$1,791,424	$2,783,949	***$125,314***

*** *REFINANCED WITH 2014 ISSUE.*

LESS TRANSFER FROM PRIOR ISSUE D/S FUND............	***($32,513)***
ROUNDING AMOUNT..	***($42,272)***
GROSS SAVINGS...	***$50,529***
(1) *PRESENT VALUE SAVINGS $...*	***$57,486***
PRESENT VALUE SAVINGS %..	***3.30%***

(1) Present value calculated using the All Inclusive Cost (AIC) of 1.54% as the discount rate.

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns A1 to Manitowoc, WI's $4.0M GO Notes; negative outlook removed

Global Credit Research - 25 Feb 2014

A1 applies to $65.4M of GO debt including current offering

MANITOWOC (CITY OF) WI
Cities (including Towns, Villages and Townships)
WI

Moody's Rating

ISSUE	RATING
General Obligation Promissory Notes	A1
Sale Amount $4,030,000	
Expected Sale Date 02/27/14	
Rating Description General Obligation	

Moody's Outlook NOO

Opinion

NEW YORK, February 25, 2014 --Moody's Investors Service has assigned an A1 rating to the City of Manitowoc, WI's $4.0 million General Obligation Promissory Notes. Concurrently, Moody's has affirmed the A1 rating on the city's outstanding general obligation debt. Post-sale the city will have $65.4 million of outstanding general obligation debt.

The notes are secured by the city's unlimited general obligation tax pledge. Approximately $2.3 million of note proceeds will be used for capital improvements and equipment acquisitions. The remaining proceeds will be used to refund portions of the city's outstanding General Obligation Promissory Notes dated April 9, 2007 and May 23, 2008. While the refunding extends the amortization schedule by one year to provide budgetary relief, it is still expected to generate net interest costs savings, currently estimated at 2.7% of refunded par.

SUMMARY RATINGS RATIONALE

The A1 rating reflects the city's moderately-sized tax base located 40 miles southeast of Green Bay (general obligation rated Aa2); improved General Fund operations starting in fiscal 2012 due to substantial recurring expenditure reductions; narrow, though improving reserves government-wide; below average unfunded pension liability; and above average debt burden that should decline given limited additional borrowing plans and rapid principal amortization. The city's negative outlook has been removed.

STRENGTHS

-Restoration of structural balance in General Fund following substantial recurring expenditure reductions

- Limited future capital needs should reduce city's debt burden over time

- Modestly sized Moody's adjusted net pension liability

CHALLENGES

-Multi-year drops in tax base value

-Historical support of General Fund by other governmental and enterprise funds has depleted reserves and liquidity government-wide, though improvement expected

-Elevated debt burden

DETAILED CREDIT DISCUSSION

MODERATELY-SIZED TAX BASE WITH RECENT DECLINES IN VALUATION; MANUFACTURING PRESENCE

The city's tax base is expected to stabilize over the mid-term given ongoing development that should mitigate instability in other areas. Manitowoc is located 40 miles southeast of Green Bay and 80 miles north of the City of Milwaukee (Aa2/ratings under review for potential downgrade) along the shoreline of Lake Michigan. Reflecting the national economic slowdown, the city's $1.9 billion tax base has lost an average of 2.4% of its value annually over the last four years. The tax base is diverse, with the ten largest taxpayers comprising 7.6% of assessed value.

The region has seen some instability among its larger employers, and the city's unemployment rate peaked at 11.7% in 2009. For instance, in 2012 Fischer-Hamilton, a lab furniture manufacturer in neighboring Two Rivers (Baa1/negative outlook) closed and eliminated its workforce of 1,200. Favorably, officials note some instances of economic growth. Jagemann Stamping has invested $18 million in a new 50,000 square foot facility and increased its workforce by 77 people. Additionally, Harbor Town Center, a retail area in the city's TIF 15 and anchored by Kohl's and Lowe's, reportedly has no vacancies in existing facilities and continues to add grow its footprint. In addition, the city's economy is complemented by an estimated $15 million annual economic benefit from tourism, which benefits from the city's lake-front setting and accessibility due to its location along Highway 43. By November 2013, the city's unemployment rate had dropped to 7.4%, which is still elevated above the state's 5.8% rate and the nation's 6.6% rate. The lower unemployment rate is largely driven by declines in the city's labor force during the economic downturn, with a material 6.4% drop between 2009 and 2012, and stabilization thereafter. The city's wealth levels are below average, with median family income at 90.0% of the nation and 87.3% of the state, respectively, according to 2006 to 2010 estimates from the American Community Survey.

FINANCIAL OPERATIONS IMPROVING FOLLOWING PERIOD OF PRESSURE

The city's finances are expected to continue to improve given the implementation in fiscal 2012 of substantial recurring expenditure reductions and new conservative management practices. Prior to fiscal 2012, the General Fund was structurally imbalanced due to an estimated $2 million to $2.5 million of annual spending for mandatory storm water projects without a dedicated revenue source and a strong anti-tax sentiment, leading the city to levy one of the lowest tax rates in the state. For several years, General Fund had been supported by received sizeable transfers in from other funds, namely the wastewater treatment plant fund, sanitary and storm water fund, and streets fund. While the interfund support enabled the General Fund to maintain an adequate fund balance, it depleted the reserves of the supporting funds. Additionally, certain of the city's TIDs have experienced long term cash flow pressures, requiring interfund loans from the General Fund. These factors depleted reserves government-wide, reflected in the -$10.2 million unassigned fund balance in the city's combined governmental funds at the end of fiscal 2011.

In late fiscal 2011, as a stop gap measure to address budgetary imbalances, city officials pursued a $5 million loan from Manitowoc Public Utilities (MPU), a legally separate institution that provides electricity, water, stream and broadband services to the city. The city received the loan funds in March 2012 and used the funds to reimburse the sanitary and storm water fund and streets fund for transfers made to the General Fund in fiscal 2011. The city immediately repaid $1.4 million of the loan via forgiveness of MPU's outstanding portion of previously issued pension obligation bonds. The remaining portion of the loan is to be repaid over 5 years with the city generating the funds to repay the loan via its debt service levy.

In addition to securing the loan from MPU, in fiscal 2012 officials instituted significant budgetary adjustments to gain recurring structural balance in the General Fund. Faced with an initial $4 million deficit, the city implemented $1.6 million of revenue enhancements, including a 10.8% tax increase, fee increases, and $2.5 million of expenditure reductions. Overall, the city reduced its workforce by 75 FTEs, of which 40 FTEs were lay-offs and 35 FTEs were reductions through attrition. As a result of these measures, the General Fund realized a $381,000 surplus in fiscal 2012, bringing fund balance to $5.7 million, or a satisfactory 23.1% of revenues. The $4.5 million of transfers into the General Fund in fiscal 2012 solely constituted payments in lieu of taxes (PILOTs) from the city's utilities. The General Fund holds $9.2 million of cash that is due to other municipalities, bringing unrestricted General Fund cash to $7.5 million, or a healthy 30.2% of revenues.

The city currently falls well below its policy of maintaining unassigned General Fund reserves of between 15% and 25% of budget. Unassigned General Fund balance totaled $1.3 million, or a narrow 5.4% of revenue, in fiscal 2012.

Approximately $3.6 million of fund balance is non-spendable as it reflects long-term receivables from the city's TIF funds. Management is projecting the unassigned fund balance to remain stable in fiscal 2013, but grow to comply with the reserve policy in 5 to 7 years. Reserve growth is expected to occur due to modest increases in the operating levy, savings from increased employee pension savings, conservative financial management and spending practices and gradual repayment of TIF loans, which is enabled by recent state approval to allow the city's strong performing TIFs to support its distressed TIFs.

Given the recent measures to stabilize operations, we expect that the city's General Fund and government-wide reserves will grow gradually over time. The city's progress toward growing General Fund reserves to within its policy range and improving the financial position of other city funds will be a key credit consideration going forward.

ELEVATED DEBT BURDEN WITH RAPID AMORTIZATION AND LIMITED FUTURE BORROWING

The city's debt burden is elevated, but expected to moderate given rapid principal amortization and modest future borrowing plans. The city' overall debt burden of 4.5% and its direct debt burden of 3.6% are elevated relative to its peers and debt service comprised an elevated 25% of operations in fiscal 2012. Principal amortization is rapid, with 96% retired within ten years and nearly 60% retired within five year. Near-term debt issuance is expected to be limited to $210,000 borrowed through the State Trust Fund Loan program. Officials project the city's debt burden will be half its current size by 2018. All of the city's debt is fixed rate, and it is not a party to any interest rate swap agreements.

PENSION LIABILITY EXPOSURE EXPECTED TO REMAIN MANAGEABLE

The city's exposure to the state multi-employer pension plan, the Wisconsin Retirement System (WRS), is expected to remain manageable. The employer share of the city's contribution to WRS in fiscal 2012 was $1.9 million. This contribution was equivalent to 5.8% of total operating expenditures. The city has historically made its required contributions to WRS, and does not have an outstanding prior service unfunded liability with the retirement system on a reported basis.

The three year average of Moody's adjusted net pension liability (ANPL) for the city, under our methodology for adjusting reported pension data, was equal to 0.81% of full value and 0.43 times operating revenues. Both of these figures are below average for Moody's rated local governments. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported contribution information, but to improve comparability with other rated entities. We determined the city's share of the cost-sharing plan liability in proportion to its share of covered payroll.

WHAT COULD MAKE THE RATING GO UP

-Growth in unassigned General Fund balance to within policy level

-Continued progress in reducing deficit positions in funds across government

-Relatively stability in the city's tax base and local economy

WHAT COULD MAKE THE RATING GO DOWN

-Sustained deficits in General Fund and/or other governmental funds

-Significant weakening of the city's overall debt profile

-Substantial weakening of the local economy

KEY STATISTICS

2013 full valuation: $1.9 billion

2013 Estimated full value per capita: $55,377

2006-2010 median family income (as % of US): 90.0%

Fiscal 2012 available operating fund balance: 5.0% of revenues

Five year change in available operating fund balance: -0.7% of revenues

Fiscal 2012 unrestricted operating cash: 23.6% of revenues

Five year change in operating cash: 6.6% of revenues

Institutional framework: A

Five year operating history: 1.0 times

Net direct debt: 3.6% of full value; 2.12 times operating revenues

Three year average of Moody's ANPL: 0.81% of full value; 0.43 times operating revenues

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Analysts

Andrea Stenhoff
Lead Analyst
Public Finance Group
Moody's Investors Service

Edward Damutz
Additional Contact
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA

information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.