

The logo for BAIRD is a blue parallelogram tilted to the right, containing the word "BAIRD" in white, bold, serif capital letters.

BAIRD

City of Manitowoc

Finance Committee Meeting

February 2, 2021

Bradley D. Viegut, Managing Director

bviegut@rwbaird.com

777 East Wisconsin Avenue

Milwaukee, WI 53202

Phone 414.765.3827

Fax 414.298.7354

City of Manitowoc

Finance Committee Meeting

February 2, 2021



Tentative Timeline

- Finance Committee reviews financing plans and considers parameters resolutionsFebruary 2, 2021
- Common Council reviews financing plans and considers parameters resolutions..... February 15, 2021
 - Preparations are made for long-term issuances
 - ✓ Term Sheet
 - ✓ Marketing
- Signature of certificate to award bonds/notes (finalizes terms and interest rates)March 1, 2021
- Final rates and terms reported to Council..... March 15, 2021
- Closing (funds available)..... March 22, 2021
- Prior issues paid off.....April 1, 2021

City of Manitowoc

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Borrowing Amount / Structure / Purpose

| | | |
|---------------------------|--|--|
| Estimated Amount: | \$2,576,000 | \$2,503,000 |
| Issue: | G.O. Refunding Bonds | Taxable G.O. Promissory Notes |
| Purpose: | Refinance 2011 Bonds: <ul style="list-style-type: none"> • General Fund • Wastewater Treatment Facility Refinance 2011 Notes: <ul style="list-style-type: none"> • General Fund • TID #14 • TID #16 | Refinance 2011 Bonds <ul style="list-style-type: none"> • General Fund • TID #16 New Money: <ul style="list-style-type: none"> • TID #22 AMMO Incentive |
| Structure: | Matures February 1, 2022-2026 | Matures February 1, 2022-2031 |
| Anticipated Call Feature: | February 1, 2022 | February 1, 2022 |
| First Interest: | August 1, 2021 | February 1, 2022 |
| Estimated Rate: | 1.10% | 1.69% |

Summary of Parameters

| | | |
|---|-------------|-------------|
| Not to exceed amount: | \$2,700,000 | \$2,600,000 |
| True Interest Cost (TIC) not to exceed: | 2.00% | 2.50% |
| Each maturity increase/decrease by: | \$600,000 | \$900,000 |

City of Manitowoc

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Tax-Exempt Refinancing of 2011 Bonds & 2013 Notes



| Calendar Year | BEFORE REFINANCING | | | | | | AFTER REFINANCING | | | | | | POTENTIAL DEBT SERVICE SAVINGS | | | | |
|---------------|---|--------|-------------------------|--|--------|-------------------------|---|-------------------------|--|-------------------------|--|-------------------------|--------------------------------|------------------------|-------------|-------------|-----------|
| | \$3,280,000 G.O. Corp. Purp. Bonds Dated April 25, 2011 | | | \$9,995,000 G.O. Promissory Notes Dated May 17, 2013 | | | \$3,280,000 G.O. Corp. Purp. Bonds Dated April 25, 2011 | | \$9,995,000 G.O. Promissory Notes Dated May 17, 2013 | | \$2,576,000 G.O. Refunding Bonds Dated March 22, 2021 ⁽²⁾ | | | TOTAL NEW DEBT SERVICE | | | |
| | PRINCIPAL (2/1) | RATE | INTEREST (2/1 & 8/1) | PRINCIPAL (2/1) | RATE | 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 | | | |
| 2021 | \$240,000 | 3.000% | \$50,393 | \$1,015,000 | 2.500% | \$41,813 | \$1,347,205 | | \$240,000 | \$26,996 | \$1,015,000 | \$27,250 | \$852,000 | \$9,687 | \$9,687 | \$1,318,934 | \$28,271 |
| 2022 | \$255,000 | 3.000% | \$42,968 | \$575,000 | 2.500% | \$21,938 | \$894,905 | | *** | | *** | | \$863,000 | \$23,030 | \$875,030 | \$875,030 | \$19,875 |
| 2023 | \$265,000 | 3.200% | \$34,903 | \$590,000 | 2.500% | \$7,375 | \$897,278 | | *** | | *** | | \$282,000 | \$14,495 | \$877,495 | \$877,495 | \$19,782 |
| 2024 | \$280,000 | 3.350% | \$25,973 | | | | \$305,973 | | *** | | | | \$286,000 | \$8,399 | \$290,399 | \$290,399 | \$15,573 |
| 2025 | \$290,000 | 3.500% | \$16,208 | | | | \$306,208 | | *** | | | | \$293,000 | \$5,190 | \$291,190 | \$291,190 | \$15,018 |
| 2026 | \$305,000 | 3.650% | \$5,566 | | | | \$310,566 | | *** | | | | | \$1,773 | \$294,773 | \$294,773 | \$15,794 |
| | \$1,635,000 | | \$176,009 | \$2,180,000 | | \$71,125 | \$4,062,134 | | \$240,000 | \$26,996 | \$1,015,000 | \$27,250 | \$2,576,000 | \$62,575 | \$2,638,575 | \$3,947,821 | \$114,313 |

General Fund & Wastewater Treatment Facility Supported

General Fund, TID #14, & TID #16 Supported

General Fund & Wastewater Treatment Facility Supported

General Fund, TID #14, & TID #16 Supported

General Fund, Wastewater Treatment Facility, TID #14, & TID #16 Supported

Maturities callable 2/1/21 or any date thereafter.

Maturities callable 2/1/21 or any date thereafter.

CALLABLE MATURITIES

*** REFINANCED WITH 2021 ISSUE.

| | |
|--|------------|
| LESS TRANSFER FROM PRIOR DEBT SERVICE..... | (\$28,271) |
| ROUNDING AMOUNT..... | \$718 |
| POTENTIAL GROSS SAVINGS..... | \$86,759 |

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates for municipal bonds +20bps as of 1/5/21. 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) POTENTIAL PRESENT VALUE SAVINGS \$..... | \$82,525 |
| POTENTIAL PRESENT VALUE SAVINGS %..... | 3.224% |

(2) Present value calculated using the All Inclusive Cost (AIC) of 1.66% as the discount rate.

| Interest Rate Sensitivity | | |
|---------------------------|-------------------|--------------------|
| Change in Rates | Est. PV % Savings | Est. PV \$ Savings |
| -0.30% | 3.900% | \$99,841 |
| -0.20% | 3.674% | \$94,062 |
| -0.10% | 3.449% | \$88,302 |
| +0.10% | 3.001% | \$76,829 |
| +0.20% | 2.777% | \$71,102 |
| +0.30% | 2.556% | \$65,437 |



Taxable Refinancing of 2011 Bonds

| Calendar Year | BEFORE REFINANCING | | | TOTAL DEBT SERVICE | AFTER REFINANCING | | | TOTAL NEW DEBT SERVICE | POTENTIAL DEBT SERVICE SAVINGS | | |
|---------------|---|--------|-------------------------|--------------------|---|-------------------------|--------------------|-------------------------|--------------------------------|--|-----------------|
| | \$6,690,000 Taxable G.O. Ref. Bonds Dated November 28, 2011 | | | | \$6,690,000 Taxable G.O. Ref. Bonds Dated November 28, 2011 | | | | | \$1,744,000 Taxable G.O. Promissory Note Dated March 22, 2021 ⁽¹⁾ | |
| | PRINCIPAL (2/1) | RATE | INTEREST (2/1 & 8/1) | | PRINCIPAL (2/1) | INTEREST (2/1 & 8/1) | PRINCIPAL (2/1) | INTEREST (2/1 & 8/1) | TOTAL | | |
| 2021 | \$870,000 | 3.550% | \$82,690 | \$952,690 | \$870,000 | \$49,066 | | | | \$919,066 | \$33,624 |
| 2022 | \$840,000 | 3.750% | \$51,498 | \$891,498 | *** | | \$848,000 | \$22,904 | \$870,904 | \$870,904 | \$20,594 |
| 2023 | \$905,000 | 3.950% | \$17,874 | \$922,874 | *** | | \$896,000 | \$5,510 | \$901,510 | \$901,510 | \$21,363 |
| | <u>\$2,615,000</u> | | <u>\$152,061</u> | <u>\$2,767,061</u> | <u>\$870,000</u> | <u>\$49,066</u> | <u>\$1,744,000</u> | <u>\$28,414</u> | <u>\$1,772,414</u> | <u>\$2,691,480</u> | <u>\$75,581</u> |

General Fund & TID #16 Supported

General Fund & TID #16 Supported

General Fund & TID #16 Supported

Maturities callable 2/1/21 or any date thereafter.

CALLABLE MATURITIES

*** REFINANCED WITH 2021 ISSUE.

| | |
|--|------------|
| LESS TRANSFER FROM PRIOR DEBT SERVICE..... | (\$33,624) |
| ROUNDING AMOUNT..... | \$292 |
| POTENTIAL GROSS SAVINGS..... | \$42,249 |

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates for municipal bonds +20bps as of 1/5/21. 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) POTENTIAL PRESENT VALUE SAVINGS \$..... | \$40,702 |
| POTENTIAL PRESENT VALUE SAVINGS %..... | 2.332% |

(2) Present value calculated using the All Inclusive Cost (AIC) of 2.09% as the discount rate. Inclusive of estimated investment earnings calculated using an estimated investment rate of 0.05%.

| Interest Rate Sensitivity | | |
|---------------------------|-------------------|--------------------|
| Change in Rates | Est. PV % Savings | Est. PV \$ Savings |
| -0.30% | 2.733% | \$47,693 |
| -0.20% | 2.600% | \$45,367 |
| -0.10% | 2.466% | \$43,031 |
| +0.10% | 2.199% | \$38,371 |
| +0.20% | 2.065% | \$36,033 |
| +0.30% | 1.931% | \$33,699 |

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AMMO Incentive



| FUNDING AMOUNT: \$750,000 | | | | |
|-------------------------------------|--------------------|-------------------------|------------------|----------|
| \$759,000 | | | | |
| TAXABLE G.O. PROMISSORY NOTE | | | | |
| <i>Dated March 22, 2021</i> | | | | |
| <i>(First interest 2/1/22)</i> | | | | |
| YEAR DUE | PRINCIPAL (2/1) | INTEREST (2/1 & 8/1) | TOTAL | YEAR DUE |
| | | TIC= 1.97% | | |
| 2021 | | | | 2021 |
| 2022 | | \$19,804 | \$19,804 | 2022 |
| 2023 | \$78,000 | \$14,100 | \$92,100 | 2023 |
| 2024 | \$79,000 | \$12,830 | \$91,830 | 2024 |
| 2025 | \$81,000 | \$11,230 | \$92,230 | 2025 |
| 2026 | \$83,000 | \$9,590 | \$92,590 | 2026 |
| 2027 | \$84,000 | \$7,920 | \$91,920 | 2027 |
| 2028 | \$86,000 | \$6,220 | \$92,220 | 2028 |
| 2029 | \$88,000 | \$4,480 | \$92,480 | 2029 |
| 2030 | \$89,000 | \$2,710 | \$91,710 | 2030 |
| 2031 | \$91,000 | \$910 | \$91,910 | 2031 |
| | \$759,000 | \$89,793 | \$848,793 | |

Note: Planning estimates only. Significant changes in market conditions will require adjustments to current financing illustration. If interest rates move higher, the interest cost will be higher.