



# City of Manitowoc

Finance Committee Meeting

September 3, 2019

Bradley D. Viegut, Managing Director

[bviegut@rwbaird.com](mailto:bviegut@rwbaird.com)  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Phone 414.765.3827  
Fax 414.298.7354

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## Tentative Timeline



- Finance Committee considers set sale resolution .....September 3, 2019
- Common Council considers set sale resolution..... September 16, 2019
  - Preparations are made for issuance
    - ✓ Official Statement
    - ✓ Bond Rating
    - ✓ Marketing
- Common Council considers award resolution (finalizes terms and interest rates) ..... October 21, 2019
- Closing (funds available).....November 12, 2019
- 2010A Bonds Paid Off..... February 1, 2020

## Borrowing Amount / Structure / Purpose

<b>Estimated Amount:</b>	\$2,390,000
<b>Issue:</b>	General Obligation Refunding Bonds
<b>Purpose:</b>	Refinance 2010A BABs
<b>Structure:</b>	Matures February 1, 2021-2030
<b>First Interest:</b>	August 1, 2020
<b>Callable:</b>	Noncallable
<b>Estimated Rate:</b>	1.75%
<b>Estimated Savings <sup>(1)</sup>:</b>	\$87,137

<sup>(1)</sup> Present value calculated using the All-Inclusive Cost (AIC) of 2.12% as the discount rate.

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## Illustration of 2010A Refinancing



<b>BEFORE REFINANCING</b>					
<b>Calendar Year</b>	<b>\$5,850,000 Taxable G.O. Corp Purp Bonds 2010A (BABs) Dated February 16, 2010</b>				<b>TOTAL DEBT SERVICE</b>
	<b>PRINCIPAL (2/1)</b>	<b>RATE</b>	<b>INTEREST (2/1 &amp; 8/1)</b>	<b>BABS SUBSIDY<sup>(4)</sup> -35%</b>	
2019	\$420,000	4.150%	\$148,000	(\$48,588)	\$519,412
2020	\$435,000	4.450%	\$129,606	(\$42,686)	\$521,920
2021	<b>\$455,000</b>	4.650%	\$109,349	(\$36,014)	\$528,335
2022	<b>\$465,000</b>	5.000%	\$87,145	(\$28,701)	\$523,444
2023	<b>\$480,000</b>	5.000%	\$63,520	(\$20,920)	\$522,600
2024	<b>\$500,000</b>	5.000%	\$39,020	(\$12,851)	\$526,169
2025	<b>\$520,000</b>	5.100%	\$13,260	(\$4,367)	\$528,893
2026					
2027					
2028					
2029					
2030					
	<u>\$3,275,000</u>		<u>\$589,900</u>	<u>(\$194,128)</u>	<u>\$3,670,772</u>

Maturities callable 2/1/20 or any date thereafter.

**CALLABLE MATURITIES**

(4) BABs subsidy reduced by 6.2% in 2019 and 5.9% in 2020 and thereafter (Sequestration).

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## Illustration of 2010A Refinancing (Cont.)



AFTER REFINANCING										
Calendar Year	\$5,850,000 Taxable G.O. Corp Purp Bonds 2010A (BABs) Dated February 16, 2010			\$2,390,000 G.O. Refunding Bonds (CR) Dated November 12, 2019 <sup>(1)</sup>			TOTAL NEW DEBT SERVICE	POTENTIAL DEBT SERVICE SAVINGS	TID #16 POTENTIAL DEBT SERVICE SAVINGS	LEVY POTENTIAL DEBT SERVICE SAVINGS
	PRINCIPAL (2/1)	INTEREST (2/1 & 8/1)	BABS SUBSIDY <sup>(3)</sup> -35%	PRINCIPAL (2/1)	INTEREST (2/1 & 8/1) TIC= 1.75%	TOTAL				
2019	\$420,000	\$148,000	(\$48,588)				\$519,412	\$0	\$0	\$0
2020	\$435,000	\$69,643	(\$22,937)		\$39,523	\$39,523	\$521,229	\$691	(\$1,479)	\$2,170
2021	***			\$385,000	\$49,248	\$434,248	\$434,248	\$94,087	\$76,278	\$17,809
2022	***			\$390,000	\$41,110	\$431,110	\$431,110	\$92,334	\$78,767	\$13,566
2023	***			\$400,000	\$32,815	\$432,815	\$432,815	\$89,785	\$76,085	\$13,700
2024	***			\$410,000	\$24,310	\$434,310	\$434,310	\$91,859	\$78,318	\$13,540
2025	***			\$420,000	\$15,595	\$435,595	\$435,595	\$93,298	\$80,354	\$12,944
2026				\$75,000	\$10,398	\$85,398	\$85,398	(\$85,398)	(\$85,398)	
2027				75,000	\$8,448	\$83,448	\$83,448	(\$83,448)	(\$83,448)	
2028				75,000	\$6,123	\$81,123	\$81,123	(\$81,123)	(\$81,123)	
2029				80,000	\$3,720	\$83,720	\$83,720	(\$83,720)	(\$83,720)	
2030				80,000	\$1,240	\$81,240	\$81,240	(\$81,240)	(\$81,240)	
	\$855,000	\$217,643	(\$71,525)	\$2,390,000	\$232,528	\$2,622,528	\$3,623,646	\$47,126	(\$26,604)	\$73,730

\*\*\* REFINANCED WITH 2019 ISSUE.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	4.591%	\$111,093
-0.20%	4.258%	\$103,054
-0.10%	3.927%	\$95,031
+0.10%	3.272%	\$79,189
+0.20%	2.945%	\$71,268
+0.30%	2.619%	\$63,385

ROUNDING AMOUNT.....	\$4,404	\$4,709	(\$305)
POTENTIAL GROSS SAVINGS.....	\$51,530	(\$21,895)	\$73,425

<sup>(2)</sup> POTENTIAL PRESENT VALUE SAVINGS \$.....	\$87,137	\$18,523	\$68,614
POTENTIAL PRESENT VALUE SAVINGS %.....	3.601%	4.518%	3.414%

- (1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +10bps for municipal bonds as of 8/15/19. 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 2.12% as the discount rate. Inclusive of estimated interest earnings (2.00%)
- (3) Assumes subsidy is received through 2/1/20.