

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 Appleton

Finance Committee Meeting

July 12, 2021

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City of Appleton

FINANCE COMMITTEE MEETING

July 12, 2021



Timeline

- Finance Committee considers plan of finance..... July 12, 2021
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- Note/Bond Pricing July 21, 2021
- Special Finance Committee considers award resolutions..... July 21, 2021
- Common Council meeting to award Notes/Bonds..... July 21, 2021
- Closing (funds available)..... August 11, 2021
- 2011 Water & Sewer Bonds Paid Off August 25, 2021



Borrowing Amount / Structure / Purpose – General Obligation Promissory Notes, Series 2021

Amount:	\$14,500,000
Issue:	General Obligation Promissory Notes, Series 2021
Purpose:	2021 General Fund CIP
Structure:	Matures April 1, 2022-2031
First Interest:	April 1, 2022
Callable:	April 1, 2028
Estimated Interest Rate:	1.58%



Example Financing Plan – General Obligation Promissory Notes, Series 2021

<div style="text-align: center; background-color: #4F81BD; color: white; padding: 5px;">POS 2021 NOTES</div>								
\$14,500,000 General Obligation Promissory Notes, Series 2021 August 11, 2021 (First Interest April 1, 2022) 2021 CIP Projects: \$14,500,000								
YEAR	EXISTING NET G.O. DEBT ^(A) (Lewy)	*	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) TIC 1.58%	LESS: HYPOTHETICAL BID PREMIUM	TOTAL	COMBINED G.O. DEBT (Lewy)	YEAR DUE
2021	\$9,497,468	*					\$9,497,468	2021
2022	\$11,228,672	*	\$360,000	\$414,093	(\$773,077)	\$1,016	\$11,229,688	2022
2023	\$10,975,179	*	\$2,090,000	\$335,538		\$2,425,538	\$13,400,716	2023
2024	\$10,967,228	*	\$110,000	\$310,788		\$420,788	\$11,388,015	2024
2025	\$9,948,600	*	\$520,000	\$303,700		\$823,700	\$10,772,300	2025
2026	\$9,362,975	*	\$540,000	\$289,750		\$829,750	\$10,192,725	2026
2027	\$7,093,800	*	\$1,755,000	\$253,131		\$2,008,131	\$9,101,931	2027
2028	\$5,411,900	*	\$1,930,000	\$193,250		\$2,123,250	\$7,535,150	2028
2029	\$3,681,300	*	\$2,215,000	\$136,969		\$2,351,969	\$6,033,269	2029
2030	\$1,777,600	*	\$2,680,000	\$81,900		\$2,761,900	\$4,539,500	2030
2031		*	\$2,300,000	\$25,875		\$2,325,875	\$2,325,875	2031
	<u>\$79,944,721</u>	*	<u>\$14,500,000</u>	<u>\$2,344,993</u>	<u>(\$773,077)</u>	<u>\$16,071,916</u>	<u>\$96,016,637</u>	

(A) Net of bid premium from the 2019 and 2020 Notes.



Borrowing Amount / Structure / Purpose – Water System Revenue Refunding Bonds, Series 2021

Amount:	\$8,360,000
Issue:	Water System Revenue Refunding Bonds, Series 2021
Purpose:	<ul style="list-style-type: none">• \$7,000,000 - Water System Projects• Current Refunding of 2011 Revenue Bonds
Structure:	Matures January 1, 2022-2041
First Interest:	January 1, 2022
Callable:	January 1, 2029
Estimated Interest Rate:	2.29%
Estimated Present Value Savings:	\$224,335



Example Financing Plan – Water System Revenue Refunding Bonds, Series 2021

PRELIMINARY 2021 BONDS \$6,535,000 Water System Revenue Refunding Bonds, Series 2021 Dated August 11, 2021 (First Interest January 1, 2022) 2021 Projects Financed: \$7,000,000						
YEAR DUE	EXISTING WATER DEBT ⁽¹⁾ (Revenue Only)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1) TIC 2.38%	TOTAL	COMBINED WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE (Projected 2020 Net Revenues)
2021	\$8,294,282				\$8,294,282	1.44
2022	\$8,274,947		\$184,422	\$184,422	\$8,459,369	1.41
2023	\$4,441,818	\$255,000	\$203,650	\$458,650	\$4,900,468	2.44
2024	\$4,440,793	\$265,000	\$195,850	\$460,850	\$4,901,643	2.44
2025	\$4,419,223	\$270,000	\$187,825	\$457,825	\$4,877,048	2.45
2026	\$4,422,699	\$280,000	\$179,575	\$459,575	\$4,882,274	2.45
2027	\$3,495,648	\$290,000	\$171,025	\$461,025	\$3,956,673	3.02
2028	\$3,495,825	\$300,000	\$162,175	\$462,175	\$3,958,000	3.02
2029	\$2,330,188	\$305,000	\$153,100	\$458,100	\$2,788,288	4.28
2030	\$2,316,444	\$315,000	\$143,406	\$458,406	\$2,774,850	4.30
2031	\$2,319,981	\$325,000	\$133,006	\$458,006	\$2,777,988	4.30
2032	\$2,106,338	\$340,000	\$122,200	\$462,200	\$2,568,538	4.65
2033	\$1,937,163	\$350,000	\$110,988	\$460,988	\$2,398,150	4.98
2034	\$1,385,588	\$360,000	\$99,450	\$459,450	\$1,845,038	6.47
2035	\$1,101,525	\$370,000	\$87,588	\$457,588	\$1,559,113	7.66
2036	\$709,200	\$385,000	\$75,319	\$460,319	\$1,169,519	10.21
2037	\$457,075	\$395,000	\$62,644	\$457,644	\$914,719	13.06
2038	\$458,475	\$410,000	\$49,563	\$459,563	\$918,038	13.01
2039	\$459,397	\$425,000	\$35,994	\$460,994	\$920,391	12.98
2040	\$459,834	\$440,000	\$21,938	\$461,938	\$921,772	12.96
2041		\$455,000	\$7,394	\$462,394	\$462,394	25.83
	\$57,326,439	\$6,535,000	\$2,387,110	\$8,922,110	\$66,248,548	

Projected 2020 Net Revenues Available for Debt Service:
 (Additional Bonds Test requires 1.1x max annual debt service)

\$11,945,612

(1) Net of estimated debt service savings related to the current refunding of the 2011 Bonds.



Illustration of Hypothetical Refunding – Water System Revenue Refunding Bonds, Series 2021

Calendar Year	BEFORE REFINANCING			TOTAL DEBT SERVICE	AFTER REFINANCING				TOTAL NEW DEBT SERVICE	POTENTIAL DEBT SERVICE SAVINGS	
	\$3,170,000 Water Sys. Rev. Bonds, 2011 Dated August 24, 2011				\$3,170,000 Water Sys. Rev. Bonds, 2011 Dated August 24, 2011		\$1,825,000 Water Sys. Rev. Ref. Bonds, 2021 (CR) Dated August 11, 2021 ⁽¹⁾				TIC = 1.58%
	PRINCIPAL (1/1)	RATE	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	TOTAL			
2021	\$155,000	4.000%	\$81,160	\$236,160	\$155,000	\$81,160			\$236,160	\$0	
2022	\$160,000	4.000%	\$74,860	\$234,860	***		\$160,000	\$47,167	\$207,167	\$27,693	
2023	\$170,000	4.000%	\$68,260	\$238,260	***		\$165,000	\$48,488	\$213,488	\$24,773	
2024	\$175,000	4.000%	\$61,360	\$236,360	***		\$170,000	\$43,463	\$213,463	\$22,898	
2025	\$180,000	4.000%	\$54,260	\$234,260	***		\$170,000	\$38,363	\$208,363	\$25,898	
2026	\$190,000	4.000%	\$46,860	\$236,860	***		\$180,000	\$33,113	\$213,113	\$23,748	
2027	\$195,000	4.000%	\$39,160	\$234,160	***		\$185,000	\$27,638	\$212,638	\$21,523	
2028	\$205,000	4.000%	\$31,160	\$236,160	***		\$190,000	\$22,013	\$212,013	\$24,148	
2029	\$215,000	4.000%	\$22,760	\$237,760	***		\$200,000	\$16,163	\$216,163	\$21,598	
2030	\$220,000	4.000%	\$14,060	\$234,060	***		\$200,000	\$9,913	\$209,913	\$24,148	
2031	\$230,000	4.200%	\$4,830	\$234,830	***		\$205,000	\$3,331	\$208,331	\$26,499	
	<u>\$2,095,000</u>		<u>\$498,730</u>	<u>\$2,593,730</u>	<u>\$155,000</u>	<u>\$81,160</u>	<u>\$1,825,000</u>	<u>\$289,648</u>	<u>\$2,114,648</u>	<u>\$2,350,808</u>	<u>\$242,922</u>

Maturities callable 1/1/2021 or any date thereafter.

CALLABLE MATURITIES

*** REFINANCED WITH 2021 ISSUE.

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates for municipal bonds as of 6/3/21 +25bps. 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.

ROUNDING AMOUNT.....	\$179
POTENTIAL GROSS SAVINGS.....	\$243,101

(2) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$224,335
POTENTIAL PRESENT VALUE SAVINGS %.....	11.564%

(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%	13.169%	\$255,485
-0.20%	12.626%	\$244,951
-0.10%	12.095%	\$234,640
+0.10%	11.012%	\$213,641
+0.20%	10.484%	\$203,398
+0.30%	9.962%	\$193,259



Amount / Structure / Purpose – Sewerage System Revenue Refunding Bonds, Series 2021

Amount:	\$9,040,000
Issue:	Sewerage System Revenue Refunding Bonds, Series 2021
Purpose:	<ul style="list-style-type: none">• \$7,000,000 - Sewer System Projects• Current Refunding of 2011 Revenue Bonds
Structure:	Matures May 1, 2022-2041
First Interest:	November 1, 2021
Callable:	May 1, 2029
Estimated Interest Rate:	2.25%
Estimated Present Value Savings:	\$290,745



Example Financing Plan – Sewerage System Revenue Refunding Bonds, Series 2021

**PRELIMINARY
2021 BONDS**

\$6,905,000

Sewerage System Revenue Refunding Bonds, Series 2021

Dated August 11, 2021

(First Interest November 1, 2021)

2021 Projects Financed: \$7,000,000

YEAR DUE	EXISTING SEWERAGE DEBT ⁽¹⁾ (Revenue Only)	PRINCIPAL (5/1)	INTEREST (5/1 & 11/1) TIC 2.36%	TOTAL	COMBINED SEWERAGE DEBT ⁽¹⁾ (Revenue Only)	DEBT SERVICE COVERAGE (Projected 2020 Net Revenues)
2021	\$1,817,188		\$48,617	\$48,617	\$1,865,804	2.06
2022	\$1,781,925	\$255,000	\$214,950	\$469,950	\$2,251,875	1.70
2023	\$1,787,744	\$260,000	\$207,225	\$467,225	\$2,254,969	1.70
2024	\$1,786,263	\$270,000	\$199,275	\$469,275	\$2,255,538	1.70
2025	\$1,776,163	\$275,000	\$191,100	\$466,100	\$2,242,263	1.71
2026	\$1,778,538	\$285,000	\$182,700	\$467,700	\$2,246,238	1.71
2027	\$1,556,088	\$295,000	\$174,000	\$469,000	\$2,025,088	1.89
2028	\$1,382,763	\$305,000	\$165,000	\$470,000	\$1,852,763	2.07
2029	\$1,080,838	\$310,000	\$155,775	\$465,775	\$1,546,613	2.48
2030	\$1,086,969	\$320,000	\$145,925	\$465,925	\$1,552,894	2.47
2031	\$783,538	\$335,000	\$135,281	\$470,281	\$1,253,819	3.06
2032	\$510,650	\$345,000	\$124,231	\$469,231	\$979,881	3.91
2033	\$507,000	\$355,000	\$112,856	\$467,856	\$974,856	3.93
2034	\$508,200	\$365,000	\$101,156	\$466,156	\$974,356	3.94
2035	\$509,200	\$380,000	\$89,050	\$469,050	\$978,250	3.92
2036	\$510,000	\$390,000	\$76,538	\$466,538	\$976,538	3.93
2037	\$510,600	\$405,000	\$63,619	\$468,619	\$979,219	3.92
2038	\$506,050	\$420,000	\$50,213	\$470,213	\$976,263	3.93
2039	\$510,991	\$430,000	\$36,400	\$466,400	\$977,391	3.92
2040	\$510,366	\$445,000	\$22,181	\$467,181	\$977,547	3.92
2041		\$460,000	\$7,475	\$467,475	\$467,475	8.20
	\$21,201,069	\$6,905,000	\$2,503,567	\$9,408,567	\$30,609,635	

Projected 2020 Net Revenues Available for Debt Service:
(Additional Bonds Test requires 1.2x max annual debt service)

\$3,834,803

(1) Net of hypothetical debt service savings related to the current refunding of the 2011 Bonds.

