

**BAIRD**

# City of Appleton

Summary of Recommended Financing Plan for:

- \$6,320,000 Storm Water System Revenue Bonds
- \$7,080,000 Water System Revenue Bonds

June 26, 2013

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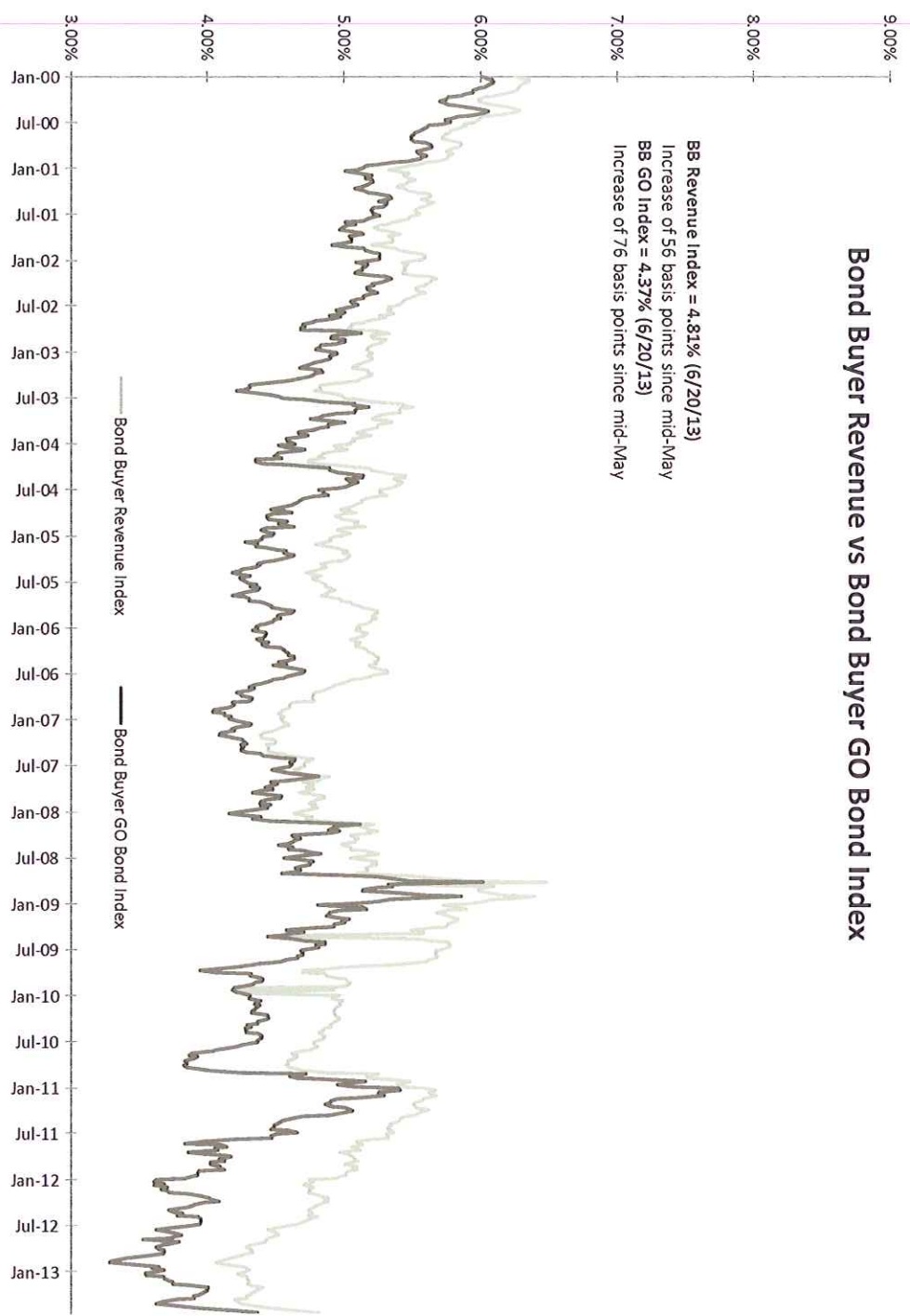


# City of Appleton

## Summary of Recommended Financing Plan

### Interest Rate Update

#### Bond Buyer Revenue vs Bond Buyer GO Bond Index



# City of Appleton

## Summary of Recommended Financing Plan

### Storm Water System Revenue Bonds (Attached)

Estimated Amount of Borrowing: \$6,320,000

Recommended Term: 20 Years

- The recommended term of the 2013 Project Bonds complements the existing and planned future debt structure.
- The debt is retired sooner than the useful life of the assets being financed. This will reduce the interest expense.

#### Prepayment Option:

- Bonds maturing in 2024 and thereafter are prepayable in 2023 at par.
- This provides the City with flexibility to refinance or prepay without penalty.

*Storm Water: Effective July 1, 2013, the annual rate for ERTC will increase from \$1.25 to \$1.55.*

*Water does not project a full rate study increase until 2015.*

### Water System Revenue Bonds (Attached)

Estimated Amount of Borrowing: \$7,080,000

Recommended Term: 20 Years (see above)

Prepayment Option: Same as Storm Water

### Moody's Rating: Recommended

- Baird, in conjunction with City staff, will prepare the necessary information to Moody's Investors Service for credit analysis of each of the Bond issues.

### Schedule

- Finance Committee approves financing plan on June 26, 2013.
- Baird and staff prepare necessary information and submit it to Moody's Investors Service.
- Preparations are made for the Bond sale.
- The Bonds are offered to investors.
- Baird underwrites the Bonds and Bond Counsel prepares resolutions for Council action on July 24, 2013.



# City of Appleton

## Summary of Recommended Financing Plan

### Example Storm Water System Financing Plan

LEVY YEAR	DUE	EXISTING		PRINCIPAL (M)	INTEREST (M) (10/1)	TOTAL	COMBINED		DEBT SERVICE COVERAGE (2012 Net Revenue)	FUTURE FINANCINGS					COMBINED STORM WATER DEBT	NET REVENUES NEEDED FOR 1.2X COVERAGE	NET REVENUES NEEDED FOR 1.3X COVERAGE
		STORM WATER DEBT (Revenue Only)	DEBT				STORM WATER DEBT (Revenue Only)	DEBT		Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds			
<p style="text-align: center;"><b>2013 BONDS</b></p> <p style="text-align: center;">Storm Water System Revenue Bonds Dated August 1, 2013 (First Interest April 1, 2014) 2013 Projects Financed: \$6,320,000</p>																	
2012	2013	\$3,661,396		\$230,000	\$306,965	\$306,965	\$3,661,396	1.18	\$4,440,000	\$4,440,000	\$9,410,000	\$7,200,000		\$3,661,396	\$4,759,815	\$4,393,676	
2013	2014	\$3,659,999		\$230,000	\$299,375	\$488,375	\$3,966,964	1.09						\$3,966,964	\$5,157,053	\$4,760,357	
2014	2015	\$3,659,246		\$230,000	\$251,919	\$488,819	\$4,148,621	1.04						\$5,729,908	\$5,289,146	\$4,407,621	
2015	2016	\$3,647,246		\$230,000	\$224,713	\$488,713	\$4,134,065	1.04						\$6,183,372	\$5,707,778	\$4,756,440	
2016	2017	\$3,661,258		\$230,000	\$224,644	\$489,644	\$4,149,965	1.04						\$7,050,234	\$6,507,908	\$5,423,257	
2017	2018	\$3,659,959		\$230,000	\$224,644	\$489,644	\$4,149,965	1.04						\$7,880,238	\$7,274,086	\$6,061,721	
2018	2019	\$3,668,099		\$230,000	\$224,644	\$489,644	\$4,149,965	1.04						\$8,481,885	\$7,829,442	\$6,524,535	
2019	2020	\$3,668,471		\$230,000	\$224,644	\$489,644	\$4,149,965	1.04						\$9,020,403	\$8,326,326	\$6,939,771	
2020	2021	\$3,192,018		\$230,000	\$203,225	\$488,225	\$3,980,912	1.08						\$1,140,401	\$7,209,068	\$6,939,771	
2021	2022	\$2,720,366		\$230,000	\$179,825	\$488,625	\$3,638,643	1.18						\$1,165,815	\$6,767,149	\$6,767,149	
2022	2023	\$2,469,413		\$230,000	\$153,825	\$488,925	\$3,207,291	1.24						\$2,054,691	\$6,294,591	\$6,294,591	
2023	2024	\$2,469,413		\$230,000	\$153,825	\$488,925	\$3,207,291	1.34						\$3,597,875	\$5,819,521	\$5,819,521	
2024	2025	\$2,469,413		\$230,000	\$153,825	\$488,925	\$3,207,291	1.46						\$5,597,875	\$5,051,328	\$4,850,328	
2025	2026	\$2,469,413		\$230,000	\$153,825	\$488,925	\$3,207,291	1.61						\$8,540,685	\$4,073,037	\$3,540,685	
2026	2027	\$2,192,286		\$365,000	\$125,194	\$490,194	\$2,682,480	1.89						\$11,477,324	\$3,028,442	\$2,594,875	
2027	2028	\$1,341,619		\$365,000	\$82,400	\$487,400	\$1,829,019	2.36						\$11,675,730	\$2,282,642	\$1,829,019	
2028	2029	\$319,944		\$365,000	\$48,400	\$487,400	\$809,119	5.33						\$11,272,449	\$1,272,449	\$8,981,330	
2029	2030	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119	5.33						\$11,110,516	\$1,110,516	\$8,828,642	
2030	2031	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119	8.96						\$11,196,131	\$1,196,131	\$8,981,330	
2031	2032	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
2032	2033	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
2033	2034	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
2034	2035	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
2035	2036	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
2036	2037	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
2037	2038	\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
2038		\$320,194		\$365,000	\$48,400	\$487,400	\$809,119										
		\$52,878,320		\$6,320,000	\$3,271,283	\$9,591,283	\$62,469,603		\$7,134,250	\$7,134,250	\$15,125,167	\$11,574,500	\$104,529,522	\$207,967,292	Average = \$70,386,265	Average = \$9,596,490	

2012 Net Revenue Available for Debt Service: \$4,310,134  
(Additional Bonds Test requires 1.2x max annual debt service)

(A) Future Financings assume \$5,000,000 with annual increase of 3.50% each year.  
All Future Financings structured as 20-Year Level Debt Service

# City of Appleton

## Summary of Recommended Financing Plan

### Example Water System Financing Plan

YEAR DUE	NET EXISTING		2013 BONDS			COMBINED		DEBT SERVICE COVERAGE (2012 Net Revenues)
	WATER DEBT (Revenue Only)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	TOTAL	WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE		
2013	\$8,438,853		\$270,206	\$270,206	\$8,438,853	1.58		
2014	\$8,530,044		\$290,626	\$545,626	\$8,800,280	1.52		
2015	\$8,095,069		\$282,176	\$547,176	\$8,640,683	1.55		
2016	\$8,082,506		\$273,058	\$548,058	\$8,639,683	1.55		
2017	\$9,104,291		\$262,901	\$547,901	\$8,638,439	1.54		
2018	\$9,090,598		\$252,026	\$547,026	\$8,146,339	1.54		
2019	\$7,598,850		\$320,295	\$549,695	\$7,832,901	1.71		
2020	\$7,596,044		\$324,595	\$549,595	\$7,828,145	1.71		
2021	\$7,285,206		\$320,000	\$548,995	\$3,682,864	3.63		
2022	\$7,276,550		\$314,595	\$545,995	\$3,680,633	3.63		
2023	\$3,136,889		\$200,895	\$546,895	\$3,387,426	3.94		
2024	\$3,133,738		\$198,895	\$547,195	\$3,233,613	4.13		
2025	\$2,840,231		\$172,195	\$546,798	\$2,205,679	6.05		
2026	\$2,656,815		\$156,798	\$545,294	\$2,200,926	13.91		
2027	\$1,658,633		\$140,294	\$548,613	\$959,879	13.97		
2028	\$1,658,023		\$122,656	\$548,138	\$954,193	18.34		
2029	\$411,366		\$103,613	\$547,525	\$720,288	24.38		
2030	\$407,548		\$83,138	\$547,706				
2031	\$408,096		\$61,156					
2032	\$172,763		\$37,523					
2033			\$12,706					
2034			\$535,000					
2035								
2036								
2037								
			<b>\$7,080,000</b>		<b>\$8,800,280</b>			
2012 Net Revenues Available for Debt Service:			\$3,591,548	\$10,671,548	\$106,292,459			
(Additional Bonds Test requires 1.1x max annual debt service)					\$13,350,589			

YEAR DUE	2013 BONDS			2012 Net Revenues Available for Debt Service			COMBINED DEBT SERVICE COVERAGE (Revenue Only)
	WATER DEBT (Revenue Only)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	2012 Net Revenues	2017 Net Revenues (3.50% increase)	2022 Net Revenues (7.00% increase)	
2013	\$8,438,853		\$270,206	\$4,500,000	\$5,135,000	\$6,031,375	1.58
2014	\$8,530,044		\$290,626	\$4,500,000	\$5,135,000	\$6,031,375	1.52
2015	\$8,095,069		\$282,176	\$4,500,000	\$5,135,000	\$6,031,375	1.55
2016	\$8,082,506		\$273,058	\$4,500,000	\$5,135,000	\$6,031,375	1.55
2017	\$9,104,291		\$262,901	\$4,500,000	\$5,135,000	\$6,031,375	1.54
2018	\$9,090,598		\$252,026	\$4,500,000	\$5,135,000	\$6,031,375	1.54
2019	\$7,598,850		\$320,295	\$4,500,000	\$5,135,000	\$6,031,375	1.71
2020	\$7,596,044		\$324,595	\$4,500,000	\$5,135,000	\$6,031,375	1.71
2021	\$7,285,206		\$320,000	\$4,500,000	\$5,135,000	\$6,031,375	3.63
2022	\$7,276,550		\$314,595	\$4,500,000	\$5,135,000	\$6,031,375	3.63
2023	\$3,136,889		\$200,895	\$4,500,000	\$5,135,000	\$6,031,375	3.94
2024	\$3,133,738		\$198,895	\$4,500,000	\$5,135,000	\$6,031,375	4.13
2025	\$2,840,231		\$172,195	\$4,500,000	\$5,135,000	\$6,031,375	6.05
2026	\$2,656,815		\$156,798	\$4,500,000	\$5,135,000	\$6,031,375	13.91
2027	\$1,658,633		\$140,294	\$4,500,000	\$5,135,000	\$6,031,375	13.97
2028	\$1,658,023		\$122,656	\$4,500,000	\$5,135,000	\$6,031,375	18.34
2029	\$411,366		\$103,613	\$4,500,000	\$5,135,000	\$6,031,375	24.38
2030	\$407,548		\$83,138	\$4,500,000	\$5,135,000	\$6,031,375	
2031	\$408,096		\$61,156	\$4,500,000	\$5,135,000	\$6,031,375	
2032	\$172,763		\$37,523	\$4,500,000	\$5,135,000	\$6,031,375	
2033			\$12,706	\$4,500,000	\$5,135,000	\$6,031,375	
2034			\$535,000	\$4,500,000	\$5,135,000	\$6,031,375	
2035				\$4,500,000	\$5,135,000	\$6,031,375	
2036				\$4,500,000	\$5,135,000	\$6,031,375	
2037				\$4,500,000	\$5,135,000	\$6,031,375	
			<b>\$7,080,000</b>		<b>\$8,800,280</b>		
2012 Net Revenues Available for Debt Service:			\$3,591,548	\$10,671,548	\$33,394,372		
(Additional Bonds Test requires 1.1x max annual debt service)					\$186,462,580		

(A) Future Financing assumes 3.50% increase over 2017 financing needs. All Future Financings structured as 20-Year Level Debt Service.

NET REVENUES NEEDED FOR 1.1X COVERAGE	NET REVENUES NEEDED FOR 1.1X COVERAGE
Average = \$9,696,054	Average = \$9,204,354
\$10,970,509	\$9,282,738
\$11,440,324	\$9,680,275
\$11,559,529	\$9,781,140
\$12,101,125	\$10,239,413
\$12,588,938	\$10,635,235
\$12,894,620	\$10,910,833
\$12,856,885	\$10,625,057
\$12,869,519	\$10,889,593
\$12,783,581	\$10,816,876
\$13,114,829	\$11,097,163
\$9,086,381	\$6,825,283
\$6,476,842	\$7,124,526
\$6,474,831	\$7,122,314
\$8,417,280	\$7,286,487
\$8,611,303	\$6,480,654
\$7,658,955	\$6,829,458
\$8,071,178	\$5,826,735
\$6,886,141	\$6,198,872
\$7,323,576	\$6,582,835
\$7,942,419	\$6,720,509
\$6,317,588	\$6,949,347
\$8,010,089	\$6,777,776
\$6,161,614	\$6,765,080
\$7,995,094	\$6,761,141
\$6,150,073	\$6,901,380
\$5,812,482	
\$6,273,982	