

BAIRD

City of Appleton

2016 Capital Financing Plan

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City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan

Timeline

- Finance Committee considers plan of finance August 9, 2016
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond/Note Rating
 - ✓ Marketing
- Bond/Note Pricing.....September 6, 2016
- Special Finance Committee considers award resolutionsSeptember 7, 2016
- Common Council meeting to award Bonds/Notes.....September 7, 2016
- Closing (funds available) October 4, 2016

City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan

Borrowing Amount / Structure / Purpose – General Obligation Promissory Notes



Amount:	\$19,625,000
Issue:	G.O. Promissory Notes
Purpose:	\$18,878,066 - 2016 General Fund CIP \$700,000 - Parking Utility
Structure:	Matures April 1, 2017-2026
First Interest:	April 1, 2017
Callable:	April 1, 2024
Estimated Interest Rate:	1.92%

City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan

Borrowing Amount / Structure / Purpose – Water System Revenue Bonds



Amount:	\$24,190,000
Issue:	Water System Revenue Bonds
Purpose:	\$3,700,000 - Water System Projects \$22,595,000 - Refunding of Series 2007A Bonds
Structure:	Matures January 1, 2018-2036
First Interest:	July 1, 2017
Callable:	January 1, 2026
Estimated Interest Rate:	2.12%

City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan

Illustration of Hypothetical Refunding – Water System Revenue Bonds



Calendar Year	BEFORE REFINANCING				AFTER REFINANCING					POTENTIAL DEBT SERVICE SAVINGS		
	PRINCIPAL (1/1)	RATE	INTEREST (1/1 & 7/1)	TOTAL	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	TOTAL			
	\$58,510,000 Water Sys. Rev Refunding Bonds (AR) Dated February 6, 2007				\$58,510,000 Water Sys. Rev Refunding Bonds (AR) Dated February 6, 2007					\$20,690,000 Water Sys. Rev Refunding Bonds (CR) Dated October 4, 2016 ⁽¹⁾		TOTAL NEW DEBT SERVICE
2017	\$4,210,000	5.000%	\$1,204,913	\$5,414,913	\$4,210,000	\$655,081	\$4,405,000	\$488,795	\$488,795	\$5,353,877	\$61,036	
2018	\$4,420,000	5.000%	\$989,163	\$5,409,163	***		\$3,995,000	\$531,000	\$4,526,000	\$4,526,000	\$389,163	
2019	\$4,140,000	5.000%	\$775,163	\$4,915,163	***		\$4,105,000	\$408,950	\$4,513,950	\$4,513,950	\$394,088	
2020	\$4,345,000	5.000%	\$563,038	\$4,908,038	***		\$3,960,000	\$247,650	\$4,207,650	\$4,207,650	\$391,769	
2021	\$4,245,000	4.625%/5.00%	\$354,419	\$4,599,419	***		\$4,115,000	\$86,150	\$4,201,150	\$4,201,150	\$393,563	
2022	\$4,445,000	4.625%/5.00%	\$149,713	\$4,594,713	***		\$55,000	\$2,750	\$57,750	\$57,750	\$392,913	
2023	\$415,000	4.500%	\$35,663	\$450,663	***		\$55,000	\$825	\$55,825	\$55,825	\$390,825	
2024	\$430,000	4.500%	\$16,650	\$446,650	***							
2025	\$155,000	4.500%	\$3,488	\$158,488	***							
	\$26,805,000		\$4,092,206	\$30,897,206	\$4,210,000	\$655,081	\$20,690,000	\$2,381,120	\$23,071,120	\$27,936,202	\$2,961,005	

Maturities callable 1/1/17 or any date thereafter.

CALLABLE MATURITIES

*** REFINANCED WITH 2016 ISSUE.

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates +25bps as of 7/21/16. Actual rates may vary. If actual rates are higher than those assumed, the interest cost savings would be lower.

(2) Calculated from 10/4/16 to 1/1/17 at recent LGIP rate of 0.42%.

(3) Present value calculated using the All Inclusive Cost (AIC) of 1.73% as the discount rate.

(2) EST. INVESTMENT EARNINGS.....	\$22,934
CHANGE IN DEBT SERVICE RESERVE FUND.....	(\$730,950)
ROUNDING AMOUNT.....	(\$1,612)
POTENTIAL GROSS SAVINGS.....	\$2,251,377

(3) POTENTIAL PRESENT VALUE SAVINGS \$.....	\$1,984,082
POTENTIAL PRESENT VALUE SAVINGS %.....	8.781%

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	9.740%	\$2,200,766
-0.20%	9.391%	\$2,121,801
-0.10%	9.041%	\$2,042,854
+0.10%	8.349%	\$1,886,454
+0.20%	8.005%	\$1,808,725
+0.30%	7.662%	\$1,731,303



City of Appleton

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2016 Capital Financing Plan

Example Financing Plan – Water System Revenue Bonds

\$3,500,000

Water System Revenue Bonds, Series 2016

Dated October 4, 2016

(First Interest July 1, 2017)

2016 Projects Financed: \$3,700,000

YEAR DUE	NET EXISTING WATER DEBT (Revenue Only) (Net of Refunding)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1) Assumed TIC ⁽¹⁾ 2.94%	TOTAL	COMBINED WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE (2015 Net Revenues)
2016	\$8,580,621				\$8,580,621	1.52
2017	\$9,101,398		\$92,078	\$92,078	\$9,193,476	1.42
2018	\$8,763,991	\$130,000	\$122,850	\$252,850	\$9,016,841	1.45
2019	\$8,271,966	\$135,000	\$120,200	\$255,200	\$8,527,166	1.53
2020	\$8,258,416	\$140,000	\$116,050	\$256,050	\$8,514,466	1.54
2021	\$7,950,090	\$145,000	\$110,350	\$255,350	\$8,205,440	1.59
2022	\$7,942,366	\$150,000	\$104,450	\$254,450	\$8,196,816	1.59
2023	\$3,799,616	\$155,000	\$98,350	\$253,350	\$4,052,966	3.23
2024	\$3,804,265	\$160,000	\$92,850	\$252,850	\$4,057,115	3.22
2025	\$3,739,496	\$165,000	\$87,975	\$252,975	\$3,992,471	3.27
2026	\$3,740,746	\$170,000	\$82,100	\$252,100	\$3,992,846	3.27
2027	\$2,807,820	\$180,000	\$75,100	\$255,100	\$3,062,920	4.27
2028	\$2,813,423	\$185,000	\$67,800	\$252,800	\$3,066,223	4.26
2029	\$1,641,810	\$195,000	\$60,200	\$255,200	\$1,897,010	6.89
2030	\$1,635,866	\$200,000	\$52,300	\$252,300	\$1,888,166	6.92
2031	\$1,637,455	\$210,000	\$44,100	\$254,100	\$1,891,555	6.91
2032	\$1,402,388	\$220,000	\$35,500	\$255,500	\$1,657,888	7.89
2033	\$1,227,613	\$230,000	\$26,500	\$256,500	\$1,484,113	8.81
2034	\$680,813	\$235,000	\$18,375	\$253,375	\$934,188	13.99
2035	\$396,825	\$245,000	\$11,175	\$256,175	\$653,000	20.02
2036		\$250,000	\$3,750	\$253,750	\$253,750	51.52
	\$88,196,981	\$3,500,000	\$1,422,053	\$4,922,053	\$93,119,034	

Actual 2015 Net Revenues Available for Debt Service:

(Additional Bonds Test requires 1.1x max annual debt service)

\$13,073,230

1.) This illustration assumes hypothetical interest rates based on current rates for municipal bonds as of July 21, 2016. Actual rates may vary.

City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan

Borrowing Amount / Structure / Purpose – Storm Water System Revenue Bonds



Amount:	\$15,515,000
Issue:	Storm Water System Revenue Bonds
Purpose:	\$3,210,000 - Storm Water System Projects \$13,854,823 - Refunding of Series 2006, 2008 and 2009 Bonds
Structure:	Matures April 1, 2018-2036
First Interest:	April 1, 2017
Callable:	April 1, 2026
Estimated Interest Rate:	2.52%

City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan

Illustration of Hypothetical Refunding – Storm Water System Revenue Bonds



BEFORE REFINANCING										
Calendar Year	\$7,855,000 <i>Storm Water Sys Rev Bonds</i> <i>Dated April 1, 2006</i>			\$6,010,000 <i>Storm Water Sys Rev Bonds</i> <i>Dated September 10, 2008</i>			\$10,720,000 <i>Storm Water Sys Rev Bonds</i> <i>Dated December 30, 2009</i>			TOTAL DEBT SERVICE
	PRINCIPAL (4/1)	RATE	INTEREST (4/1 & 10/1)	PRINCIPAL (4/1)	RATE	INTEREST	PRINCIPAL (4/1)	RATE	INTEREST (4/1 & 10/1)	
2017	\$425,000	4.125%	\$56,453	\$270,000	4.000%	\$175,855	\$315,000	3.500%	\$381,583	\$1,623,891
2018	\$435,000	4.250%	\$38,444	\$275,000	4.000%	\$164,955	\$355,000	4.000%	\$368,970	\$1,637,369
2019	\$440,000	4.250%	\$19,850	\$300,000	4.000%	\$153,455	\$360,000	4.000%	\$354,670	\$1,627,975
2020	\$240,000	4.375%	\$5,250	\$300,000	4.000%	\$141,455	\$605,000	4.000%	\$335,370	\$1,627,075
2021		4.375%		\$320,000	4.250%	\$128,655	\$710,000	4.000%	\$309,070	\$1,467,725
2022		4.375%		\$335,000	4.250%	\$114,736	\$740,000	4.500%	\$278,220	\$1,467,956
2023		4.500%		\$350,000	4.650%	\$99,480	\$775,000	4.000%	\$246,070	\$1,470,550
2024		4.500%		\$365,000	4.650%	\$82,856	\$805,000	4.000%	\$214,470	\$1,467,326
2025		4.500%		\$380,000	4.650%	\$65,535	\$840,000	4.150%	\$180,940	\$1,466,475
2026		4.500%		\$400,000	4.500%	\$47,700	\$875,000	4.250%	\$144,916	\$1,467,616
2027				\$420,000	4.500%	\$29,250	\$915,000	4.350%	\$106,421	\$1,470,671
2028				\$440,000	4.500%	\$9,900	\$955,000	4.400%	\$65,510	\$1,470,410
2029							\$1,000,000	4.450%	\$22,250	\$1,022,250
	<u>\$1,540,000</u>		<u>\$119,997</u>	<u>\$4,155,000</u>		<u>\$1,213,833</u>	<u>\$9,250,000</u>		<u>\$3,008,460</u>	<u>\$19,287,289</u>
	Callable 4/1/2016 @ Par			Callable 4/1/2018 @ Par			Callable 4/1/2019 @ Par			
	CALLABLE MATURITIES			REFUNDED WITH 2015 BONDS						

City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan



Illustration of Hypothetical Refunding – Storm Water System Revenue Bonds

AFTER REFINANCING												
Calendar Year	\$7,855,000 Storm Water Sys Rev Bonds Dated April 1, 2006		\$6,010,000 Storm Water Sys Rev Bonds Dated September 10, 2008		\$10,720,000 Storm Water Sys Rev Bonds Dated December 30, 2009		\$12,560,000 Storm Water Sys Rev Ref Bonds (CR/AR) Dated October 4, 2016 ⁽¹⁾			TOTAL NEW DEBT SERVICE	POTENTIAL FUNDS APPLIED	POTENTIAL DEBT SERVICE SAVINGS
	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1)	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1)	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1)	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1)	TOTAL			
2017	***											
2018	***		\$270,000	\$16,400	\$315,000	\$34,113			\$452,349	\$1,087,861	(\$425,438)	\$110,591
2019	***		\$275,000	\$5,500	\$355,000	\$21,500	\$435,000	\$451,800	\$886,800	\$1,543,800		\$93,569
2020	***		***		\$360,000	\$7,200	\$730,000	\$440,150	\$1,170,150	\$1,537,350		\$90,625
2021	***		***		***		\$1,115,000	\$416,125	\$1,531,125	\$1,531,125		\$95,950
2022	***		***		***		\$1,015,000	\$379,100	\$1,394,100	\$1,394,100		\$73,625
2023	***		***		***		\$1,055,000	\$337,700	\$1,392,700	\$1,392,700		\$75,256
2024	***		***		***		\$1,100,000	\$294,600	\$1,394,600	\$1,394,600		\$75,950
2025	***		***		***		\$1,140,000	\$249,800	\$1,389,800	\$1,389,800		\$77,526
2026	***		***		***		\$1,180,000	\$209,300	\$1,389,300	\$1,389,300		\$77,175
2027	***		***		***		\$1,220,000	\$167,200	\$1,387,200	\$1,387,200		\$80,416
2028	***		***		***		\$1,280,000	\$117,200	\$1,397,200	\$1,397,200		\$73,471
2029	***		***		***		\$1,330,000	\$65,000	\$1,395,000	\$1,395,000		\$75,410
							\$960,000	\$19,200	\$979,200	\$979,200		\$43,050
	\$0	\$0	\$545,000	\$21,900	\$1,030,000	\$62,813	\$12,560,000	\$3,599,524	\$16,159,524	\$17,819,236	(\$425,438)	\$1,042,615

*** REFINANCED WITH 2016 ISSUE.

LESS CHANGE IN DSRF.....	(\$128,598)
ROUNDING AMOUNT.....	\$4,980
POTENTIAL GROSS SAVINGS.....	\$918,997

(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 7/20/16. Actual rates may vary. If actual rates are higher than those assumed, the interest cost savings would be lower.

POTENTIAL PRESENT VALUE SAVINGS \$.....	\$778,967
POTENTIAL PRESENT VALUE SAVINGS %.....	5.826%

(2) Present value calculated using the All Inclusive Cost (AIC) of 2.41% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	8.015%	\$1,071,607
-0.20%	7.280%	\$973,342
-0.10%	6.546%	\$875,244
+0.10%	5.111%	\$683,304
+0.20%	4.399%	\$588,160
+0.30%	3.693%	\$493,778



City of Appleton

Presentation to Finance Committee

2016 Capital Financing Plan

Example Financing Plan – Storm Water System Revenue Bonds

\$2,955,000

Storm Water System Revenue Bonds, Series 2016

Dated October 4, 2016

(First Interest April 1, 2017)

2016 Projects Financed: \$3,210,000

YEAR DUE	EXISTING STORM WATER DEBT (Revenue Only) (Net of Refunding)	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) Assumed TIC ⁽¹⁾ 2.98%	TOTAL	COMBINED STORM WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE (2015 Net Revenues)
2016	\$4,485,811				\$4,485,811	1.46
2017	\$4,554,383		\$102,191	\$102,191	\$4,656,574	1.40
2018	\$4,563,134	\$110,000	\$101,950	\$211,950	\$4,775,084	1.37
2019	\$4,575,559	\$115,000	\$99,700	\$214,700	\$4,790,259	1.36
2020	\$4,571,384	\$115,000	\$96,825	\$211,825	\$4,783,209	1.37
2021	\$4,433,284	\$120,000	\$92,700	\$212,700	\$4,645,984	1.41
2022	\$4,075,109	\$125,000	\$87,800	\$212,800	\$4,287,909	1.52
2023	\$3,917,809	\$130,000	\$82,700	\$212,700	\$4,130,509	1.58
2024	\$3,637,234	\$135,000	\$77,400	\$212,400	\$3,849,634	1.70
2025	\$3,390,506	\$140,000	\$72,600	\$212,600	\$3,603,106	1.81
2026	\$3,382,624	\$145,000	\$67,600	\$212,600	\$3,595,224	1.82
2027	\$3,144,609	\$150,000	\$61,700	\$211,700	\$3,356,309	1.95
2028	\$2,769,062	\$160,000	\$55,500	\$215,500	\$2,984,562	2.19
2029	\$2,344,819	\$165,000	\$49,000	\$214,000	\$2,558,819	2.55
2030	\$1,365,356	\$170,000	\$42,300	\$212,300	\$1,577,656	4.14
2031	\$1,363,031	\$180,000	\$35,300	\$215,300	\$1,578,331	4.14
2032	\$1,368,419	\$185,000	\$28,000	\$213,000	\$1,581,419	4.13
2033	\$1,051,850	\$195,000	\$21,375	\$216,375	\$1,268,225	5.15
2034	\$560,575	\$200,000	\$15,450	\$215,450	\$776,025	8.42
2035	\$305,250	\$205,000	\$9,375	\$214,375	\$519,625	12.57
2036		\$210,000	\$3,150	\$213,150	\$213,150	30.65
	\$59,859,807	\$2,955,000	\$1,202,616	\$4,157,616	\$64,017,423	

Projected 2016 Net Revenues Available for Debt Service:

\$6,532,250

(Additional Bonds Test requires 1.2x max annual debt service)

1.) This illustration assumes hypothetical interest rates based on current rates +25bps for municipal bonds as of July 21, 2016. Actual rates may vary.