

The logo for Baird, featuring the word "BAIRD" in white, serif, uppercase letters on a blue parallelogram background.

City of Appleton

Presentation to Finance Committee

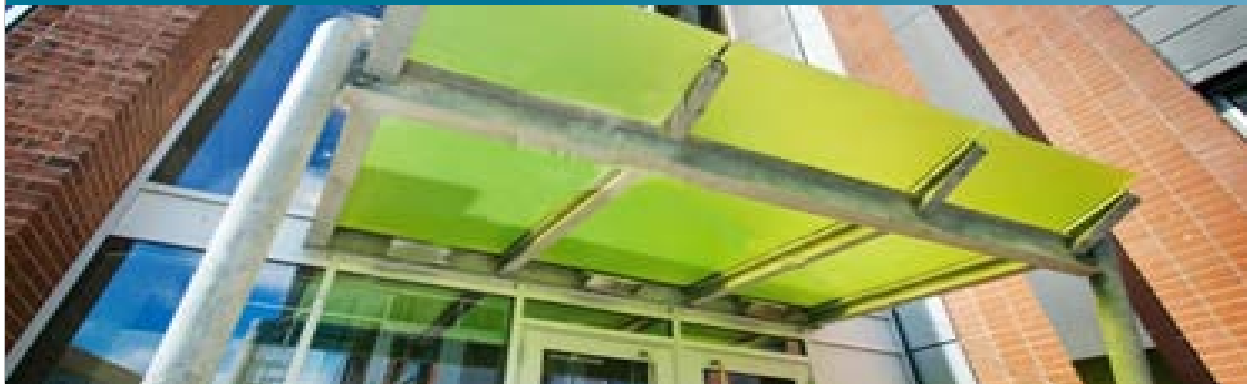
2015 Capital Financing Plan

August 25, 2015

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City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015



Timeline

- Finance Committee considers plan of finance August 25, 2015
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond/Note Rating
 - ✓ Marketing
- Bond/Note Pricing..... October 6, 2015
- Special Finance Committee considers award resolutions October 7, 2015
- Common Council meeting to award Bonds/Notes October 7, 2015
- Closing (funds available) October 28, 2015

City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015



Borrowing Amount / Structure / Purpose – General Obligation Promissory Notes

Amount:	\$5,830,000
Issue:	G.O. Promissory Notes
Purpose:	2015 General Fund CIP (\$357,000 for TIF #8)
Structure:	Matures April 1, 2017-2025
First Interest:	April 1, 2016
Callable:	April 1, 2022
Estimated Interest Rate:	2.57%

August 25, 2015

Example Financing Plan – General Obligation Promissory Notes



\$5,830,000										
G.O. Promissory Notes										
Dated October 28, 2015										
(First Interest April 1, 2016)										
2015 Projects Financed: \$5,752,363										
YEAR	EXISTING	*				ALLOCATION		*	COMBINED	
DUE	G.O.	*	PRINCIPAL	INTEREST	TOTAL	TIF#8	LEVY	*	G.O.	%
	DEBT	*	(4/1)	(4/1 & 10/1)		OFFSET	SUPPORTED	*	DEBT	CHANGE
	(Net G.O.)	*		Assumed				*	(Net G.O.)	
		*		Rate ⁽¹⁾				*		
		*		2.57%				*		
2014	\$2,886,402	*						*	\$2,886,402	
2015	\$2,965,329	*						*	\$2,965,329	2.73%
2016	\$2,966,748	*		\$118,291	\$118,291	\$7,055	\$111,236	*	\$3,077,984	3.80%
2017	\$2,763,439	*	\$160,000	\$127,043	\$287,043	\$42,444	\$244,599	*	\$3,008,038	-2.27%
2018	\$2,276,676	*	\$650,000	\$121,815	\$771,815	\$42,024	\$729,791	*	\$3,006,468	-0.05%
2019	\$2,127,770	*	\$665,000	\$112,440	\$777,440	\$46,488	\$730,953	*	\$2,858,723	-4.91%
2020	\$1,722,676	*	\$745,000	\$100,748	\$845,748	\$45,828	\$799,920	*	\$2,522,596	-11.76%
2021	\$1,735,489	*	\$745,000	\$86,220	\$831,220	\$45,048	\$786,173	*	\$2,521,661	-0.04%
2022	\$1,922,629	*	\$570,000	\$71,415	\$641,415	\$44,138	\$597,278	*	\$2,519,906	-0.07%
2023	\$1,506,113	*	\$720,000	\$54,893	\$774,893	\$43,118	\$731,775	*	\$2,237,888	-11.19%
2024	\$1,522,259	*	\$740,000	\$34,993	\$774,993	\$46,958	\$728,035	*	\$2,250,294	0.55%
2025	\$626,125	*	\$835,000	\$12,316	\$847,316	\$45,664	\$801,653	*	\$1,427,778	-36.55%
2026	\$629,125	*						*	\$629,125	-55.94%
2027	\$630,625	*						*	\$630,625	0.24%
2028	\$635,500	*						*	\$635,500	0.77%
		*						*		
	\$26,916,905	*	\$5,830,000	\$840,173	\$6,670,173	\$408,762	\$6,261,411	*	\$33,178,316	

Project Detail	
TIF#8 Projects	\$357,000
Levy Supported Projects	\$5,395,363
TOTAL	\$5,752,363

1.) This illustration assumes hypothetical interest rates based on current rates for municipal bonds as of August 5, 2015. Actual rates may vary.
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City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015



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

Amount:	\$21,360,000
Issue:	Water System Revenue Refunding Bonds
Purpose:	\$5,618,700 Water System Projects \$17,186,471 Refunding Water System Bonds (Partial Advance Refunding of Series 2007C and 2008)
Structure:	Matures January 1, 2017-2035
First Interest:	January 1, 2016
Callable:	January 1, 2023
Estimated Interest Rate:	3.03%

City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015



Illustration of Hypothetical Refunding – Water System Revenue Refunding Bonds

BEFORE REFINANCING							
Calendar Year	\$12,140,000 Water Sys. Rev. Bonds, Series 07C Dated March 1, 2007			\$15,215,000 Water Sys. Rev. Bonds, Series 08 Dated December 17, 2008			TOTAL DEBT SERVICE
	PRINCIPAL (1/1)	RATE	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	RATE	INTEREST (1/1 & 7/1)	
2015	\$610,000	4.250%	\$418,600	\$635,000	3.750%	\$611,241	\$2,274,841
2016	\$635,000	4.250%	\$392,144	\$660,000	4.000%	\$586,135	\$2,273,279
2017	\$665,000	4.250%	\$364,519	\$690,000	4.500%	\$557,410	\$2,276,929
2018	\$690,000	4.250%	\$335,725	\$720,000	4.500%	\$525,685	\$2,271,410
2019	\$720,000	4.250%	\$305,763	\$755,000	5.000%	\$490,610	\$2,271,373
2020	\$755,000	4.750%	\$272,531	\$795,000	5.000%	\$451,860	\$2,274,391
2021	\$790,000	4.750%	\$235,838	\$835,000	5.000%	\$411,110	\$2,271,948
2022	\$830,000	4.750%	\$197,363	\$880,000	5.125%	\$367,685	\$2,275,048
2023	\$870,000	4.750%	\$156,988	\$925,000	5.250%	\$320,854	\$2,272,841
2024	\$915,000	4.750%	\$114,594	\$975,000	5.450%	\$270,004	\$2,274,598
2025	\$955,000	4.750%	\$70,181	\$1,030,000	5.450%	\$215,368	\$2,270,549
2026	\$1,000,000	4.750%	\$23,750	\$1,090,000	5.250%	\$158,688	\$2,272,438
2027				\$1,150,000	5.500%	\$98,450	\$1,248,450
2028				\$1,215,000	5.500%	\$33,413	\$1,248,413
	<u>\$9,435,000</u>		<u>\$2,887,994</u>	<u>\$12,355,000</u>		<u>\$5,098,511</u>	<u>\$29,776,505</u>

Callable 1/1/17 @ Par

Callable 1/1/18 @ Par

CALLABLE MATURITIES

City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015



Illustration of Hypothetical Refunding – Water System Revenue Refunding Bonds

AFTER REFINANCING									
\$12,140,000 Water Sys. Rev. Bonds, Series 07C Dated March 1, 2007		\$15,215,000 Water Sys. Rev. Bonds, Series 08 Dated December 17, 2008		\$16,060,000 Water Sys. Rev. Ref. Bonds (AR) Dated October 28, 2015 ⁽¹⁾			TOTAL NEW DEBT SERVICE	FUNDS ON HAND APPLIED	POTENTIAL DEBT SERVICE SAVINGS
PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1)	TOTAL			
					TIC: 2.84%				
\$610,000	\$418,600	\$635,000	\$611,241				\$2,274,841		\$0
\$635,000	\$71,081	\$660,000	\$114,400		\$378,304	\$378,304	\$1,858,785	\$325,000	\$89,494
\$665,000	\$43,456	\$690,000	\$85,675	\$115,000	\$559,300	\$674,300	\$2,158,431		\$118,498
\$690,000	\$14,663	\$720,000	\$53,950	\$115,000	\$557,000	\$672,000	\$2,150,613		\$120,798
***		\$755,000	\$18,875	\$835,000	\$543,325	\$1,378,325	\$2,152,200		\$119,173
***		***		\$1,650,000	\$506,050	\$2,156,050	\$2,156,050		\$118,341
***		***		\$1,695,000	\$455,875	\$2,150,875	\$2,150,875		\$121,073
***		***		\$1,750,000	\$404,200	\$2,154,200	\$2,154,200		\$120,848
***		***		\$1,805,000	\$350,875	\$2,155,875	\$2,155,875		\$116,966
***		***		\$1,865,000	\$286,500	\$2,151,500	\$2,151,500		\$123,098
***		***		\$1,935,000	\$210,500	\$2,145,500	\$2,145,500		\$125,049
***		***		\$2,020,000	\$131,400	\$2,151,400	\$2,151,400		\$121,038
***		***		\$1,115,000	\$68,700	\$1,183,700	\$1,183,700		\$64,750
***		***		\$1,160,000	\$23,200	\$1,183,200	\$1,183,200		\$65,213
\$2,600,000	\$547,800	\$3,460,000	\$884,141	\$16,060,000	\$4,475,229	\$20,535,229	\$28,027,170	\$325,000	\$1,424,335

*** REFINANCED WITH 2015 ISSUE.

ROUNDING AMOUNT..... \$4,231
POTENTIAL GROSS SAVINGS..... \$1,428,566

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +20 bps for municipal bonds as of 8/11/15. 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..... \$1,186,758
POTENTIAL PV SAVINGS %..... 7.545%

(2) Present value calculated using the All Inclusive Cost (AIC) of 3.07% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	9.836%	\$1,547,160
-0.20%	9.066%	\$1,426,153
-0.10%	8.300%	\$1,305,625
+0.10%	6.792%	\$1,068,343
+0.20%	6.043%	\$950,510
+0.30%	5.304%	\$834,346

City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015

Example Financing Plan – Water System Revenue Bonds



\$5,300,000 Water System Revenue Bonds, Series 2015 Dated October 28, 2015 (First Interest January 1, 2016) 2015 Projects Financed: \$5,618,700						
YEAR DUE	NET EXISTING WATER DEBT (Revenue Only) (Net of Refunding)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1) Assumed TIC ⁽¹⁾ 3.46%	TOTAL	COMBINED WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE (2014 Net Revenues)
2015	\$8,748,623				\$8,748,623	1.37
2016	\$8,509,963		\$129,836	\$129,836	\$8,639,799	1.38
2017	\$8,817,559	\$205,000	\$190,300	\$395,300	\$9,212,859	1.30
2018	\$8,804,715	\$210,000	\$186,150	\$396,150	\$9,200,865	1.30
2019	\$8,312,478	\$215,000	\$180,825	\$395,825	\$8,708,303	1.37
2020	\$8,307,228	\$220,000	\$174,300	\$394,300	\$8,701,528	1.37
2021	\$7,992,584	\$225,000	\$167,625	\$392,625	\$8,385,209	1.42
2022	\$7,987,878	\$235,000	\$160,725	\$395,725	\$8,383,603	1.42
2023	\$3,851,053	\$240,000	\$153,600	\$393,600	\$4,244,653	2.81
2024	\$3,846,940	\$250,000	\$145,000	\$395,000	\$4,241,940	2.82
2025	\$3,549,833	\$260,000	\$134,800	\$394,800	\$3,944,633	3.03
2026	\$3,396,346	\$270,000	\$124,200	\$394,200	\$3,790,546	3.15
2027	\$2,420,770	\$280,000	\$113,200	\$393,200	\$2,813,970	4.24
2028	\$2,425,873	\$290,000	\$101,800	\$391,800	\$2,817,673	4.24
2029	\$1,246,260	\$305,000	\$89,900	\$394,900	\$1,641,160	7.28
2030	\$1,238,016	\$315,000	\$77,500	\$392,500	\$1,630,516	7.33
2031	\$1,237,905	\$330,000	\$64,600	\$394,600	\$1,632,505	7.32
2032	\$1,005,325	\$340,000	\$51,200	\$391,200	\$1,396,525	8.55
2033	\$828,538	\$355,000	\$37,300	\$392,300	\$1,220,838	9.78
2034	\$285,600	\$370,000	\$22,800	\$392,800	\$678,400	17.61
2035		\$385,000	\$7,700	\$392,700	\$392,700	30.42
	\$92,813,483	\$5,300,000	\$2,313,361	\$7,613,361	\$100,426,844	
2014 Net Revenues Available for Debt Service: (Additional Bonds Test requires <u>1.1x</u> max annual debt service)					\$11,944,790	

1.) This illustration assumes hypothetical interest rates based on current rates for municipal bonds as of August 11, 2015. Actual rates may vary.
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City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015



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

Amount:	\$9,335,000
Issue:	Storm Water System Revenue Refunding Bonds
Purpose:	\$4,260,000 Storm Water System Projects \$5,207,727 Refunding Storm Water Bonds (Partial Advance Refunding of Series 2006 and 2007)
Structure:	Matures April 1, 2016-2035
First Interest:	April 1, 2016
Callable:	April 1, 2023
Estimated Interest Rate:	3.03%

City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015



Illustration of Hypothetical Refunding – Storm Water System Revenue Refunding Bonds

BEFORE REFINANCING							
Calendar Year	\$7,855,000 Storm Water Sys Rev Bonds Dated April 1, 2006			\$5,145,000 Storm Water Sys Rev Bonds Dated September 5, 2007			TOTAL DEBT SERVICE
	PRINCIPAL (4/1)	RATE	INTEREST (4/1 & 10/1)	PRINCIPAL (4/1)	RATE	INTEREST	
2015	\$580,000	4.250%	\$201,613	\$220,000	4.250%	\$178,119	\$1,179,731
2016	\$590,000	4.250%	\$176,750	\$230,000	4.250%	\$168,556	\$1,165,306
2017	\$610,000	4.125%	\$151,631	\$240,000	4.250%	\$158,569	\$1,160,200
2018	\$625,000	4.250%	\$125,769	\$250,000	4.500%	\$147,844	\$1,148,613
2019	\$640,000	4.250%	\$98,888	\$265,000	4.375%	\$136,422	\$1,140,309
2020	\$450,000	4.375%	\$75,444	\$275,000	4.500%	\$124,438	\$924,881
2021	\$215,000	4.375%	\$60,897	\$290,000	5.000%	\$111,000	\$676,897
2022	\$225,000	4.375%	\$51,272	\$305,000	5.000%	\$96,125	\$677,397
2023	\$250,000	4.500%	\$40,725	\$320,000	5.000%	\$80,500	\$691,225
2024	\$250,000	4.500%	\$29,475	\$335,000	5.000%	\$64,125	\$678,600
2025	\$260,000	4.500%	\$18,000	\$355,000	5.000%	\$46,875	\$679,875
2026	\$270,000	4.500%	\$6,075	\$370,000	5.000%	\$28,750	\$674,825
2027				\$390,000	5.000%	\$9,750	\$399,750
	<u>\$4,965,000</u>		<u>\$1,036,538</u>	<u>\$3,845,000</u>		<u>\$1,351,072</u>	<u>\$11,197,609</u>
Callable 4/1/2016 @ Par (Refunding New Money Portion)				Callable 4/1/2017 @ Par			
CALLABLE MATURITIES							

August 25, 2015



Illustration of Hypothetical Refunding – Storm Water System Revenue Refunding Bonds

AFTER REFINANCING									
Calendar Year	\$7,855,000 Storm Water Sys Rev Bonds Dated April 1, 2006		\$5,145,000 Storm Water Sys Rev Bonds Dated September 5, 2007		\$5,110,000 Storm Water Sys Rev Ref Bonds Dated October 28, 2015 ⁽¹⁾			TOTAL NEW DEBT SERVICE	POTENTIAL DEBT SERVICE SAVINGS
	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1)	PRINCIPAL (4/1)	INTEREST	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1)	TOTAL		
						TIC= 2.58%			
2015	\$580,000	\$201,613	\$220,000	\$178,119				\$1,179,731	\$0
2016	\$590,000	\$85,388	\$230,000	\$26,338	\$55,000	\$138,339	\$193,339	\$1,125,064	\$40,243
2017	\$610,000	\$60,269	\$240,000	\$16,350	\$35,000	\$148,700	\$183,700	\$1,110,319	\$49,881
2018	\$435,000	\$38,444	\$250,000	\$5,625	\$225,000	\$146,100	\$371,100	\$1,100,169	\$48,444
2019	\$440,000	\$19,850	***	\$0	\$495,000	\$136,425	\$631,425	\$1,091,275	\$49,034
2020	\$240,000	\$5,250	***		\$515,000	\$121,275	\$636,275	\$881,525	\$43,356
2021	***		***		\$525,000	\$105,675	\$630,675	\$630,675	\$46,222
2022	***		***		\$545,000	\$89,625	\$634,625	\$634,625	\$42,772
2023	***		***		\$570,000	\$72,900	\$642,900	\$642,900	\$48,325
2024	***		***		\$575,000	\$55,725	\$630,725	\$630,725	\$47,875
2025	***		***		\$595,000	\$38,175	\$633,175	\$633,175	\$46,700
2026	***		***		\$605,000	\$20,175	\$625,175	\$625,175	\$49,650
2027			***		\$370,000	\$5,550	\$375,550	\$375,550	\$24,200
	\$2,895,000	\$410,813	\$940,000	\$226,431	\$5,110,000	\$1,078,664	\$6,188,664	\$10,660,908	\$536,702

*** REFINANCED WITH 2015 ISSUE.

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +20bps for municipal bonds as of 8/11/15. 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 3.09% as the discount rate.

ROUNDING AMOUNT.....	\$4,661
POTENTIAL GROSS SAVINGS.....	\$541,363
POTENTIAL PRESENT VALUE SAVINGS \$.....	\$452,725
POTENTIAL PRESENT VALUE SAVINGS %.....	9.100%

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	11.167%	\$555,578
-0.20%	10.448%	\$519,776
-0.10%	9.740%	\$484,590
+0.10%	8.331%	\$414,453
+0.20%	7.638%	\$379,980
+0.30%	6.951%	\$345,808

City of Appleton

PRESENTATION TO FINANCE COMMITTEE

2015 CAPITAL FINANCING PLAN

August 25, 2015

Example Financing Plan – Storm Water System Revenue Bonds



\$4,225,000

Storm Water System Revenue Bonds, Series 2015

Dated October 28, 2015

(First Interest April 1, 2016)

2015 Projects Financed: \$4,260,000

YEAR DUE	EXISTING STORM WATER DEBT (Revenue Only) (Net of Refunding)	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) Assumed TIC ⁽¹⁾ 3.40%	TOTAL	COMBINED STORM WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE (2014 Net Revenues)
2015	\$4,275,973				\$4,275,973	1.46
2016	\$4,350,498		\$133,755	\$133,755	\$4,484,253	1.39
2017	\$4,355,790	\$165,000	\$142,950	\$307,950	\$4,663,740	1.34
2018	\$4,355,328	\$170,000	\$139,600	\$309,600	\$4,664,928	1.34
2019	\$4,362,009	\$175,000	\$135,275	\$310,275	\$4,672,284	1.34
2020	\$4,369,109	\$180,000	\$129,950	\$309,950	\$4,679,059	1.34
2021	\$4,202,884	\$185,000	\$124,475	\$309,475	\$4,512,359	1.38
2022	\$3,854,140	\$190,000	\$118,850	\$308,850	\$4,162,990	1.50
2023	\$3,694,209	\$195,000	\$113,075	\$308,075	\$4,002,284	1.56
2024	\$3,417,535	\$200,000	\$107,150	\$307,150	\$3,724,685	1.68
2025	\$3,168,406	\$210,000	\$101,000	\$311,000	\$3,479,406	1.80
2026	\$3,157,565	\$215,000	\$94,625	\$309,625	\$3,467,190	1.80
2027	\$2,915,880	\$220,000	\$88,100	\$308,100	\$3,223,980	1.94
2028	\$2,538,022	\$230,000	\$80,200	\$310,200	\$2,848,222	2.19
2029	\$2,085,719	\$240,000	\$70,800	\$310,800	\$2,396,519	2.61
2030	\$1,062,806	\$245,000	\$61,100	\$306,100	\$1,368,906	4.56
2031	\$1,060,481	\$260,000	\$51,000	\$311,000	\$1,371,481	4.55
2032	\$1,066,269	\$270,000	\$40,400	\$310,400	\$1,376,669	4.54
2033	\$745,600	\$280,000	\$29,400	\$309,400	\$1,055,000	5.92
2034	\$255,000	\$290,000	\$18,000	\$308,000	\$563,000	11.10
2035		\$305,000	\$6,100	\$311,100	\$311,100	20.08
	\$59,293,221	\$4,225,000	\$1,785,805	\$6,010,805	\$65,304,026	

2014 Net Revenues Available for Debt Service:

\$6,246,581

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

1.) This illustration assumes hypothetical interest rates based on current rates for municipal bonds as of August 11, 2015. Actual rates may vary.
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