

The logo for the law firm BAIRD, consisting of the word "BAIRD" in white, serif, all-caps font, set against a blue, trapezoidal background that tapers to the right.

City of Appleton

Finance Committee Meeting

June 22, 2020

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City of Appleton

FINANCE COMMITTEE MEETING

June 22, 2020



Timeline

- Finance Committee considers plan of finance..... June 22, 2020
 - Preparations are made for issuance
 - ✓ Official Statement
 - ✓ Bond Rating
 - ✓ Marketing
- Note/Bond Pricing July 15, 2020
- Special Finance Committee considers award resolutions July 15, 2020
- Common Council meeting to award Notes/Bonds..... July 15, 2020
- Closing (funds available)..... August 6, 2020
- 2010 Sewer Bonds Paid Off August 17, 2020



Borrowing Amount / Structure / Purpose – General Obligation Promissory Notes, Series 2020

Amount:	\$15,000,000
Issue:	General Obligation Promissory Notes, Series 2020
Purpose:	2020 General Fund CIP
Structure:	Matures April 1, 2021-2030
First Interest:	April 1, 2021
Callable:	April 1, 2027
Estimated Interest Rate:	1.97%



Example Financing Plan – General Obligation Promissory Notes, Series 2020

**POS
2020 NOTES**

\$15,000,000

General Obligation Promissory Notes, Series 2020

August 6, 2020

(First Interest April 1, 2021)

2020 CIP Projects: \$15,000,000

YEAR DUE	EXISTING NET G.O. DEBT ^(A) (Lewy)	*	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) TIC 1.97%	LESS: HYPOTHETICAL BID PREMIUM	TOTAL	COMBINED G.O. DEBT (Lewy)	YEAR DUE
2020	\$7,960,987	*					\$7,960,987	2020
2021	\$9,494,487	*	\$275,000	\$576,927	(\$850,010)	\$1,917	\$9,496,404	2021
2022	\$9,450,872	*	\$1,400,000	\$466,238		\$1,866,238	\$11,317,109	2022
2023	\$9,197,679	*	\$1,460,000	\$409,038		\$1,869,038	\$11,066,716	2023
2024	\$9,190,628	*	\$1,515,000	\$349,538		\$1,864,538	\$11,055,165	2024
2025	\$8,173,500	*	\$1,580,000	\$287,638		\$1,867,638	\$10,041,138	2025
2026	\$7,585,025	*	\$1,645,000	\$223,138		\$1,868,138	\$9,453,163	2026
2027	\$5,313,700	*	\$1,710,000	\$156,038		\$1,866,038	\$7,179,738	2027
2028	\$3,635,300	*	\$1,765,000	\$101,981		\$1,866,981	\$5,502,281	2028
2029	\$1,903,850	*	\$1,805,000	\$61,819		\$1,866,819	\$3,770,669	2029
2030		*	\$1,845,000	\$20,756		\$1,865,756	\$1,865,756	2030
	<u>\$71,906,027</u>	*	<u>\$15,000,000</u>	<u>\$2,653,108</u>	<u>(\$850,010)</u>	<u>\$16,803,098</u>	<u>\$88,709,125</u>	

(A) Net of bid premium from the 2018 and 2019 Notes.



Borrowing Amount / Structure / Purpose – Storm Water System Revenue Bonds, Series 2020

Amount:	\$2,850,000
Issue:	Storm Water System Revenue Bonds, Series 2020
Purpose:	\$3,000,000 - Storm Water System Projects
Structure:	Matures April 1, 2023-2041
First Interest:	October 1, 2020
Callable:	April 1, 2028
Estimated Interest Rate:	2.67%



Example Financing Plan – Storm Water System Revenue Bonds, Series 2020

2020 BONDS - POS
\$2,850,000
 Storm Water System Revenue Bonds, Series 2020
 Dated August 6, 2020
 (First Interest October 1, 2020)
 2020 Projects Financed: \$3,000,000

YEAR DUE	EXISTING STORM WATER DEBT ⁽¹⁾ (Revenue Only)	PRINCIPAL (4/1)	INTEREST (4/1 & 10/1) TIC 2.67%	TOTAL	COMBINED STORM WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE ⁽²⁾ (2018 Net Revenues)	PROJECTED NET REVENUES ⁽³⁾	PROJECTED DEBT SERVICE COVERAGE ⁽²⁾⁽³⁾	YEAR DUE
2019	\$4,902,212				\$4,902,212	1.38	\$7,891,390	1.57	2019
2020	\$5,049,271		\$14,054	\$14,054	\$5,063,326	1.37		1.56	2020
2021	\$5,050,746		\$91,993	\$91,993	\$5,142,739	1.35		1.53	2021
2022	\$4,832,271		\$91,993	\$91,993	\$4,924,264	1.41		1.60	2022
2023	\$4,675,596	\$110,000	\$90,343	\$200,343	\$4,875,939	1.43		1.62	2023
2024	\$4,400,996	\$115,000	\$86,968	\$201,968	\$4,602,964	1.51		1.71	2024
2025	\$4,144,794	\$120,000	\$83,443	\$203,443	\$4,348,236	1.60		1.81	2025
2026	\$4,139,636	\$120,000	\$79,843	\$199,843	\$4,339,479	1.60		1.82	2026
2027	\$3,892,421	\$125,000	\$76,168	\$201,168	\$4,093,589	1.70		1.93	2027
2028	\$3,521,974	\$130,000	\$72,343	\$202,343	\$3,724,317	1.87		2.12	2028
2029	\$3,121,431	\$135,000	\$68,368	\$203,368	\$3,324,799	2.09		2.37	2029
2030	\$2,174,519	\$140,000	\$64,243	\$204,243	\$2,378,761	2.92		3.32	2030
2031	\$2,169,119	\$140,000	\$59,798	\$199,798	\$2,368,916	2.94		3.33	2031
2032	\$2,177,081	\$145,000	\$55,024	\$200,024	\$2,377,105	2.93		3.32	2032
2033	\$1,858,788	\$150,000	\$50,083	\$200,083	\$2,058,870	3.38		3.83	2033
2034	\$1,365,138	\$155,000	\$44,974	\$199,974	\$1,565,111	4.44		5.04	2034
2035	\$1,111,481	\$165,000	\$39,614	\$204,614	\$1,316,095	5.28		6.00	2035
2036	\$806,863	\$170,000	\$34,003	\$204,003	\$1,010,865	6.88		7.81	2036
2037	\$599,588	\$175,000	\$28,224	\$203,224	\$802,811	8.66		9.83	2037
2038	\$599,450	\$180,000	\$22,278	\$202,278	\$801,728	8.67		9.84	2038
2039	\$234,600	\$185,000	\$16,164	\$201,164	\$435,764	15.96		18.11	2039
2040		\$190,000	\$9,883	\$199,883	\$199,883	34.79		39.48	2040
2041		\$200,000	\$3,350	\$203,350	\$203,350	34.20		38.81	2041
	\$60,827,975	\$2,850,000	\$1,183,146	\$4,033,146	\$64,861,121				

2018 Net Revenues Available for Debt Service: \$6,954,402
 (Net Revenue Coverage Test and Additional Bonds Test requires 1.2x max annual debt service)

(1) Net of bid premium from 2017 & 2018 Bonds.
 (2) Debt service coverage is based on debt service gross of bid premium applied to interest.
 (3) Assumes 15% rate increase for services beginning 1/1/2019. Coverage is against 2019 projected net revenues in 2019 and thereafter.



Borrowing Amount / Structure / Purpose – Water System Revenue Bonds, Series 2020

Amount:	\$6,620,000
Issue:	Water System Revenue Bonds, Series 2020
Purpose:	\$7,000,000 - Water System Projects
Structure:	Matures January 1, 2023-2040
First Interest:	January 1, 2021
Callable:	January 1, 2028
Estimated Interest Rate:	2.64%



Example Financing Plan – Water System Revenue Bonds, Series 2020

POS
2020 BONDS

\$6,620,000

Water System Revenue Bonds, Series 2020

Dated August 6, 2020

(First Interest January 1, 2021)

2020 Projects Financed: \$7,000,000

YEAR DUE	EXISTING WATER DEBT (Revenue Only)	PRINCIPAL (1/1)	INTEREST (1/1 & 7/1) TIC 2.64%	TOTAL	COMBINED WATER DEBT (Revenue Only)	DEBT SERVICE COVERAGE (2018 Net Revenues)
2020	\$8,463,965				\$8,463,965	1.54
2021	\$8,151,440		\$192,373	\$192,373	\$8,343,813	1.57
2022	\$8,144,415		\$213,090	\$213,090	\$8,357,505	1.56
2023	\$4,007,940	\$280,000	\$208,890	\$488,890	\$4,496,830	2.91
2024	\$4,004,340	\$285,000	\$200,415	\$485,415	\$4,489,755	2.91
2025	\$3,985,370	\$295,000	\$191,715	\$486,715	\$4,472,085	2.92
2026	\$3,986,596	\$305,000	\$182,715	\$487,715	\$4,474,311	2.92
2027	\$3,057,520	\$315,000	\$173,415	\$488,415	\$3,545,935	3.69
2028	\$3,060,823	\$325,000	\$163,815	\$488,815	\$3,549,638	3.68
2029	\$1,891,610	\$330,000	\$153,990	\$483,990	\$2,375,600	5.50
2030	\$1,882,766	\$345,000	\$143,865	\$488,865	\$2,371,631	5.51
2031	\$1,886,155	\$355,000	\$132,744	\$487,744	\$2,373,899	5.51
2032	\$1,648,663	\$365,000	\$120,684	\$485,684	\$2,134,346	6.12
2033	\$1,477,288	\$380,000	\$108,205	\$488,205	\$1,965,493	6.65
2034	\$928,663	\$390,000	\$95,308	\$485,308	\$1,413,970	9.24
2035	\$642,700	\$405,000	\$81,991	\$486,991	\$1,129,691	11.57
2036	\$248,675	\$420,000	\$68,173	\$488,173	\$736,848	17.74
2037		\$435,000	\$53,851	\$488,851	\$488,851	26.74
2038		\$445,000	\$39,111	\$484,111	\$484,111	27.00
2039		\$465,000	\$23,869	\$488,869	\$488,869	26.74
2040		\$480,000	\$8,040	\$488,040	\$488,040	26.78
	\$57,468,928	\$6,620,000	\$2,556,258	\$9,176,258	\$66,645,185	

2018 Net Revenues Available for Debt Service:
(Additional Bonds Test requires 1.1x max annual debt service)

\$13,071,139



Amount / Structure / Purpose – Sewerage System Revenue Refunding Bonds, Series 2020

Amount:	\$10,995,000
Issue:	Sewerage System Revenue Refunding Bonds, Series 2020
Purpose:	<ul style="list-style-type: none">• \$8,000,000 - Sewer System Projects• Current Refunding of 2010 Revenue Bonds
Structure:	Matures May 1, 2021-2040
First Interest:	November 1, 2020
Callable:	May 1, 2028
Estimated Interest Rate:	2.49%
Estimated Present Value Savings:	\$326,689



Example Financing Plan – Sewerage System Revenue Refunding Bonds, Series 2020

<div style="border: 1px solid black; padding: 5px; text-align: center;"> POS 2020 BONDS \$8,055,000 </div>						
Sewerage System Revenue Bonds, Series 2020 Dated August 6, 2020 (First Interest November 1, 2020) 2020 Projects Financed: \$8,000,000						
YEAR DUE	EXISTING SEWERAGE DEBT ⁽¹⁾ (Revenue Only) (Net of Refunding)	PRINCIPAL (5/1)	INTEREST (5/1 & 11/1) TIC 2.61%	TOTAL	COMBINED SEWERAGE DEBT ⁽¹⁾ (Revenue Only) (Net of Refunding)	DEBT SERVICE COVERAGE (2018 Net Revenues)
2020	\$1,352,413		\$60,903	\$60,903	\$1,413,316	4.01
2021	\$1,318,263	\$295,000	\$253,518	\$548,518	\$1,866,780	3.04
2022	\$1,317,813	\$305,000	\$244,518	\$549,518	\$1,867,330	3.04
2023	\$1,325,481	\$315,000	\$235,218	\$550,218	\$1,875,699	3.03
2024	\$1,321,375	\$325,000	\$225,618	\$550,618	\$1,871,993	3.03
2025	\$1,309,225	\$335,000	\$215,718	\$550,718	\$1,859,943	3.05
2026	\$1,315,100	\$345,000	\$205,518	\$550,518	\$1,865,618	3.04
2027	\$1,086,775	\$355,000	\$195,018	\$550,018	\$1,636,793	3.47
2028	\$913,275	\$365,000	\$184,218	\$549,218	\$1,462,493	3.88
2029	\$618,075	\$375,000	\$173,118	\$548,118	\$1,166,193	4.87
2030	\$617,975	\$385,000	\$161,718	\$546,718	\$1,164,693	4.87
2031	\$306,375	\$400,000	\$149,243	\$549,243	\$855,618	6.63
2032		\$410,000	\$135,675	\$545,675	\$545,675	10.40
2033		\$425,000	\$121,689	\$546,689	\$546,689	10.38
2034		\$440,000	\$107,200	\$547,200	\$547,200	10.37
2035		\$455,000	\$92,209	\$547,209	\$547,209	10.37
2036		\$470,000	\$76,715	\$546,715	\$546,715	10.38
2037		\$490,000	\$60,635	\$550,635	\$550,635	10.31
2038		\$505,000	\$43,969	\$548,969	\$548,969	10.34
2039		\$520,000	\$26,800	\$546,800	\$546,800	10.38
2040		\$540,000	\$9,045	\$549,045	\$549,045	10.33
	\$12,802,144	\$8,055,000	\$2,978,257	\$11,033,257	\$23,835,401	
					\$5,674,336	

2018 Net Revenues Available for Debt Service:
(Additional Bonds Test requires 1.2x max annual debt service)

(1) Net of debt service savings related to the hypothetical current refunding of the 2010 Bonds.



Illustration of Hypothetical Refunding – Sewerage System Revenue Refunding Bonds, Series 2020

Calendar Year	BEFORE REFINANCING				AFTER REFINANCING					POTENTIAL DEBT SERVICE SAVINGS	
	\$4,935,000 Sewerage Sys. Rev. Bonds, 2010 Dated September 22, 2010			TOTAL DEBT SERVICE	\$4,935,000 Sewerage Sys. Rev. Bonds, 2010 Dated September 22, 2010		\$2,940,000 Sewerage Sys. Rev. Bonds, 2020 Dated August 6, 2020 ⁽¹⁾		TOTAL NEW DEBT SERVICE		
	PRINCIPAL (5/1)	RATE	INTEREST (5/1 & 11/1)		PRINCIPAL (5/1)	INTEREST (5/1 & 11/1)	PRINCIPAL (5/1)	INTEREST (5/1 & 11/1)	TOTAL		
2020	\$250,000	3.000%	\$124,600	\$374,600	\$250,000	\$64,175		\$20,825	\$20,825	\$335,000	\$39,600
2021	\$260,000	3.500%	\$116,300	\$376,300	***		\$255,000	\$84,375	\$339,375	\$339,375	\$36,925
2022	\$270,000	3.500%	\$107,025	\$377,025	***		\$265,000	\$76,575	\$341,575	\$341,575	\$35,450
2023	\$280,000	3.750%	\$97,050	\$377,050	***		\$275,000	\$68,475	\$343,475	\$343,475	\$33,575
2024	\$290,000	4.000%	\$86,000	\$376,000	***		\$280,000	\$60,150	\$340,150	\$340,150	\$35,850
2025	\$300,000	4.000%	\$74,200	\$374,200	***		\$285,000	\$51,675	\$336,675	\$336,675	\$37,525
2026	\$315,000	4.000%	\$61,900	\$376,900	***		\$300,000	\$42,900	\$342,900	\$342,900	\$34,000
2027	\$325,000	4.000%	\$49,100	\$374,100	***		\$305,000	\$33,825	\$338,825	\$338,825	\$35,275
2028	\$340,000	4.000%	\$35,800	\$375,800	***		\$315,000	\$24,525	\$339,525	\$339,525	\$36,275
2029	\$355,000	4.000%	\$21,900	\$376,900	***		\$325,000	\$14,925	\$339,925	\$339,925	\$36,975
2030	\$370,000	4.000%	\$7,400	\$377,400	***		\$335,000	\$5,025	\$340,025	\$340,025	\$37,375
	\$3,355,000		\$781,275	\$4,136,275	\$250,000	\$64,175	\$2,940,000	\$483,275	\$3,423,275	\$3,737,450	\$398,825

Maturities callable 5/1/2020 or any date thereafter.

CALLABLE MATURITIES

*** REFINANCED WITH 2020 ISSUE.

LESS CASH ON HAND IN PRIOR D/S FUND.....	(\$39,600)
ROUNDING AMOUNT.....	\$2,228
POTENTIAL GROSS SAVINGS.....	\$361,453

(1) This illustration represents a mathematical calculation of potential interest cost savings (cost), assuming hypothetical rates based on current rates +35bps for municipal bonds as of 5/20/20. 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 \$.....	\$326,689
POTENTIAL PRESENT VALUE SAVINGS %.....	10.521%

(2) Present value calculated using the All Inclusive Cost (AIC) of 1.91% as the discount rate.

Interest Rate Sensitivity		
Change in Rates	Est. PV % Savings	Est. PV \$ Savings
-0.30%	12.222%	\$379,494
-0.20%	11.648%	\$361,656
-0.10%	11.084%	\$344,148
+0.10%	9.957%	\$309,178
+0.20%	9.403%	\$291,954
+0.30%	8.850%	\$274,805