



## MEMORANDUM

DATE: May 13, 2016

TO: Daniel Duchniak, General Manager

FROM: Donna Scholl, CPA  
Administrative Services Manager

RE: Memorandum of Understanding with the City – 2016 Debt

I would like to recommend that the Commission approve a Memorandum of Understanding with the City of Waukesha. The Memo provides a plan for the Utility to repay the City for the GO debt that the City has agreed to issue on our behalf. The Memo will be similar to the one the Commission signed in 2015. It is attached.

As you know the City has agreed to issue debt in order to provide financing for the pursuit of Waukesha's future water supply. The City recognizes that the citizens are best served by issuing General Obligation (GO) Bonds rather than the more expensive Water Revenue Bonds. Furthermore, they have the excess debt capacity to do so.

The Memorandum is consistent with the direction that the Utility received from the Commission during the 2016 budget process.

As always, I am happy to answer any questions you might have.

Recommended Motion . . .

. . . to approve the Memorandum of Understanding with the City of Waukesha, wherein the Utility agrees to make the debt service payments on the 2016 NAN of \$17.4 million and the 2016 GO Bonds of \$6.28 million.

MEMORANDUM  
OF UNDERSTANDING

This Memorandum of Understanding dated May 19, 2016, is entered into between the City of Waukesha, Wisconsin (the "City") and the Waukesha Water Utility (the "Water Utility").

Recitals

The Water Utility is currently undertaking the construction of improvements to the Water Utility system (the "2016 Projects"). The 2016 Projects have been financed on an interim basis through the issuance by the City of its Note Anticipation Notes, Series 2016B, dated May 10, 2016 (the "2016 NANs"). The Water Utility desires to finance the 2016 Projects on a long-term basis through the issuance by the City of general obligation promissory notes or refunding bonds.

The City has also issued its \$6,280,000 General Obligation Refunding Bonds, Series 2016D, dated May 10, 2016 (the "2016 G.O. Refunding Bonds") to provide long-term financing for the Water Utility projects which the City financed on an interim basis through the issuance of its Note Anticipation Notes, Series 2015C, dated May 12, 2015.

The City is willing to finance the 2016 Projects in this manner and to issue the 2016 G.O. Refunding Bonds, provided that the Water Utility agrees to provide the City with revenues in amounts sufficient to pay the principal of and interest on the 2016 NANs and the 2016 G.O. Refunding Bonds (collectively, the "City's Securities").

The purpose of this Memorandum is to set forth the terms upon which the City's Securities have been issued and to describe the Water Utility's obligation to pay or reimburse the City for payment of debt service on the City's Securities.

Terms of Financing

A. The 2016 NANs

The 2016 NANs have been issued by the City pursuant to Section 67.12(1)(b) of the Wisconsin Statutes. The 2016 NANs are in the principal amount of \$17,400,000, mature on May 1, 2021, and are subject to redemption at the option of the City on May 1, 2018, or on any date thereafter. The debt service schedule for the 2015 NANs is attached to this Memorandum as Exhibit A.

B. The 2015 G.O. Refunding Bonds

The 2016 G.O. Refunding Bonds were issued by the City pursuant to Section 67.04 of the Wisconsin Statutes. The 2016 G.O. Refunding Bonds are in the principal amount of \$6,280,000, and principal of and interest on the 2016 G.O. Refunding Bonds are payable on the dates and in the amounts shown on the debt service schedule attached to this Memorandum as Exhibit B.

C. Payment of the Debt Service on City's Securities

It is intended that the Water Utility will be responsible for paying the City, out of the revenues of the Water Utility, amounts sufficient to pay the principal and interest on the City's Securities on each debt service payment date.

Dated this 19<sup>th</sup> day of May, 2016.

CITY OF WAUKESHA,  
WISCONSIN

By \_\_\_\_\_

Title: Mayor

WAUKESHA WATER UTILITY

By \_\_\_\_\_

Title General Manager



BOND DEBT SERVICE

City of Waukesha (Aa2)  
 Note Anticipation Notes, Series 2016B - Final  
 NBQ; Callable 5/1/2021 or any date thereafter

Dated Date 05/10/2016  
 Delivery Date 05/10/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/10/2016					
11/01/2016			247,950	247,950	247,950
05/01/2017			261,000	261,000	
11/01/2017			261,000	261,000	522,000
05/01/2018			261,000	261,000	
11/01/2018			261,000	261,000	522,000
05/01/2019			261,000	261,000	
11/01/2019			261,000	261,000	522,000
05/01/2020			261,000	261,000	
11/01/2020			261,000	261,000	522,000
05/01/2021	17,400,000	3.000%	261,000	17,661,000	
11/01/2021					17,661,000
	17,400,000		2,596,950	19,996,950	19,996,950

## BOND DEBT SERVICE

City of Waukesha (Aa2)  
 General Obligation Refunding Bonds, Series 2016D - Final  
 NBQ; Callable 10/1/2026 or any date thereafter

Dated Date 05/10/2016  
 Delivery Date 05/10/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/10/2016					
04/01/2017			208,605.42	208,605.42	
10/01/2017			116,975.00	116,975.00	325,580.42
04/01/2018			116,975.00	116,975.00	
10/01/2018			116,975.00	116,975.00	233,950.00
04/01/2019			116,975.00	116,975.00	
10/01/2019			116,975.00	116,975.00	233,950.00
04/01/2020			116,975.00	116,975.00	
10/01/2020			116,975.00	116,975.00	233,950.00
04/01/2021			116,975.00	116,975.00	
10/01/2021	325,000	3.000%	116,975.00	441,975.00	558,950.00
04/01/2022			112,100.00	112,100.00	
10/01/2022	335,000	3.000%	112,100.00	447,100.00	559,200.00
04/01/2023			107,075.00	107,075.00	
10/01/2023	345,000	3.000%	107,075.00	452,075.00	559,150.00
04/01/2024			101,900.00	101,900.00	
10/01/2024	355,000	3.000%	101,900.00	456,900.00	558,800.00
04/01/2025			96,575.00	96,575.00	
10/01/2025	365,000	3.000%	96,575.00	461,575.00	558,150.00
04/01/2026			91,100.00	91,100.00	
10/01/2026	380,000	4.000%	91,100.00	471,100.00	562,200.00
04/01/2027			83,500.00	83,500.00	
10/01/2027	395,000	4.000%	83,500.00	478,500.00	562,000.00
04/01/2028			75,600.00	75,600.00	
10/01/2028	410,000	4.000%	75,600.00	485,600.00	561,200.00
04/01/2029			67,400.00	67,400.00	
10/01/2029	425,000	4.000%	67,400.00	492,400.00	559,800.00
04/01/2030			58,900.00	58,900.00	
10/01/2030	445,000	4.000%	58,900.00	503,900.00	562,800.00
04/01/2031			50,000.00	50,000.00	
10/01/2031	460,000	4.000%	50,000.00	510,000.00	560,000.00
04/01/2032			40,800.00	40,800.00	
10/01/2032	480,000	4.000%	40,800.00	520,800.00	561,600.00
04/01/2033			31,200.00	31,200.00	
10/01/2033	500,000	4.000%	31,200.00	531,200.00	562,400.00
04/01/2034			21,200.00	21,200.00	
10/01/2034	520,000	4.000%	21,200.00	541,200.00	562,400.00
04/01/2035			10,800.00	10,800.00	
10/01/2035	540,000	4.000%	10,800.00	550,800.00	561,600.00
	6,280,000		3,157,680.42	9,437,680.42	9,437,680.42