

**City of Waukesha, Wisconsin
Waukesha Water Utility**

**REQUEST FOR PROPOSALS
FOR DIRECT PRIVATE PLACEMENT FOR
\$32,795,000 (approx.) Waterworks System Revenue Bond Anticipation Note, Series 2018
(Draw Bond Facility Structure)**

DATE OF RFP: December 20, 2017

RESPONSES DUE: January 16, 2018, 4:00PM CT

INTRODUCTION AND OBJECTIVES

Springsted Incorporated on behalf of the Waukesha Water Utility (the "Utility") and the City of Waukesha, Wisconsin (the "City" or the "Issuer") is requesting proposals for the financing of approximately \$32,795,000 through the issuance of this Waterworks System Revenue Bond Anticipation Note, Series 2018 (the "Note"). The proposed financing is to be in the form of this line of credit or revolving draw facility (the "Loan") or similar financing instrument not to exceed \$33 million for a term of five years, whereby the City will make draws on the Loan to fund expenses as they arise. The terms "Note" and "Loan" are interchangeable.

The financing is being undertaken to (i) fund expenses related to the City's Water Utility (the "Water Utility") including various improvements to the Water Utility (the "Project") and (ii) to refund in advance of maturity the City's Waterworks System Revenue Bonds, Series 2008, (the "2008 Bonds"), as further described below under "Project and Financing Description". The Loan is expected to be repaid from the proceeds of a long-term bond issue to be issued near the completion of the Project.

The Loan is expected to fund Project costs over the first two years of the five-year construction program. The Utility expects but does not guarantee, the issuance of a second short-term obligation in 2020 or 2021 to provide funding for the Project completion. Preliminary estimates of this second issuance are between \$75,000,000 to \$100,000,000. The exact form of the second obligation has not been determined.

The City is distributing this request for proposals (the "RFP") to a limited group of financial institutions (the "Respondents").

THIS RFP IS BEING DISTRIBUTED IN CONJUNCTION WITH A COMPANION RFP FOR THE CITY RELATING TO A \$16,540,000 (APPROX) NOTE ANTICIPATION NOTE OF A SIMILAR DRAW BOND FACILITY STRUCTURE (the "Companion Note").

PROJECT AND FINANCING DESCRIPTION

Issuer:	City of Waukesha, Wisconsin, on behalf of the Waukesha Water Utility.
Plan of Finance:	<p>This short-term financing is to pay for planning, engineering, deposits, site preparation and infrastructure related to the future construction of water supply, transmission and distribution improvements to the Water Utility as detailed and to refund the outstanding maturities of the City's 2008 Bonds. The proposed financing is as follows:</p> <p>Planning and Engineering costs: \$15,360,289</p> <p>CIP projects: \$15,344,711</p> <p>Refunding the 2008 Bond: \$2,090,000</p>
Principal Amount:	Not to exceed \$33,000,000.
Term:	Five-year term.
Authority and Security:	<p>The Loan is being issued pursuant to Wisconsin Statutes, Section 66.0621 and a resolution to be adopted by the City.</p> <p>The Loan will be a special obligation of the City, payable from net revenues of the City's Water Utility and by the issuance of a long-term bond issue.</p> <p>The Loan will be subordinate to the City's 2008 Bonds (until defeased or retired) and the 2013 Safe Drinking Water Loan.</p> <p>The City intends to issue additional bonds when Wisconsin Safe Drinking Water Loans become available. The City reserves the right to issue additional bonds either as senior bonds on a parity with its 2008 Bonds or 2013 Safe Drinking Water Loan or as subordinate debt with the same pledge of revenues as the Loan.</p>
Source of Payment:	Net revenues of the City's Water Utility and the issuance of bonds to provide long-term financing are pledged to the repayment of the Loan.
Repayment Term and Interest Payment Dates:	The Loan will have a five-year term with a final maturity no later than February 15, 2023. Principal will be due upon maturity. Interest will be paid semi-annually each February 15 and August 15, commencing August 15, 2018 (based on a proposed settlement date of February 15, 2018). Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
Bank Qualification:	The Loan will not be deemed bank qualified.
Tax Status:	Tax-exempt.
Optional Redemption:	The City seeks to have an optional one-year prepayment provision, in whole or in part. Any prepayment will be at a price of par plus accrued interest.

Credit Rating: The Loan will not be rated. The City's outstanding water revenue debt is currently rated Aa2 by Moody's Investors Service.

Primary and Continuing Disclosure: The City would prefer not to provide a primary disclosure document, but will provide one if advantageous to the transaction.

The Respondents should include in their proposals if they will require additional continuing disclosure besides that currently provided for the water system revenue debt, and if so, in what form.

Construction Draw Schedule: The table below is a projected construction cash flow based on a cashflow worksheet provided by the Utility. **These figures are projections only and are subject to change.** The Utility seeks flexibility in the Loan in regard to the amounts and timing of the draws.

Date	Estimated	
	Draw	Balance
3/1/2018	4,843,601	27,788,511
6/1/2018	4,843,601	22,944,910
9/1/2018	4,843,601	18,101,309
12/1/2018	4,843,601	13,257,708
3/1/2019	3,314,427	9,943,281
6/1/2019	3,314,427	6,628,854
9/1/2019	3,314,427	3,314,427
12/1/2019	3,314,427	0

Consultants

Respondents should be aware the Issuer has retained other professional advisors to assist in the completion of the financing. These advisors and their general areas of responsibility are as follows:

Municipal Advisor

Springsted Incorporated
Mr. David MacGillivray, Chairman
380 Jackson Street, Suite 300
Saint Paul, MN 55101

Bond Counsel

Quarles & Brady, LLP
Mr. Brian Lanser, Attorney
411 East Wisconsin Avenue, Suite 2040
Milwaukee, WI 53202-5775

Legal Documents

Issuance and delivery of the Loan is subject to, among other things: (i) approval by resolution of the Common Council of the terms and conditions of the Loan, (ii) negotiation, execution and delivery of any applicable agreements with respect to the Loan and of customary closing papers, including a no-litigation certificate; and (iii) receipt of an approving legal opinion of Quarles & Brady, LLP, Milwaukee, Wisconsin.

FORM OF PROPOSAL AND RELATED INFORMATION

Response Design and Content

The City/Utility request that the Respondent address the following items in their proposal (not to exceed 12 pages plus exhibits). No extraneous promotional material should be provided.

The RFP response should include the following information:

1. **Brief description of the Bank and Representatives that will be working with the City/Utility on this financing**
2. **Indications and/or Credit rating(s) of the Bank**
3. **Relative experience in similar financings**
4. **Description of the Loan Program - including but not limited to the following preferably in the form of a detailed term sheet with any supplemental materials, if necessary this submission can exceed the 12-page limit:**
 - a. overall mechanics of the program
 - b. repayment structure
 - c. basis for establishing the interest rate
 - d. variable rate or fixed rate. **If a variable rate is proposed, please provide a maximum rate. Proposals may not provide for "excess interest amounts" or other payments of interest in excess of the maximum rate.**
 - e. description of any other major mechanics of the loan program; i.e. how frequently can draws be made? Are there minimum draw amounts? What rate will be applied to the used amount and the unused portion? Any other noteworthy proposed terms or mechanics.
5. **Fees and/or Expenses not included in the interest rate above, if applicable. If 'all-in interest' rate, please so state.**
6. **Will your firm be represented by legal counsel? If so, name of firm and fee.**
7. **Draft Legal Documents: The City's Bond Counsel (Quarles & Brady LLP) will prepare the resolution authorizing the Note. If you have other "typical" legal documents required for this type of transaction, please submit draft documents as an exhibit, exclusive of the 12-page limit.**
8. **Please note the anticipated calendar dates between submission of Proposals and the City action to approve the Loan. The selected provider should be willing to engage this process with the objective of meeting this time line. A statement to that affect or your opinion as to a different date should be provided.**

Potential Conflicts of Interest

Describe any current or historical engagement or relationship with any public or private party that could potentially create a conflict of interest with the Issuer or related entities and how those would be mitigated.

SELECTION PROCESS AND RELATED INFORMATION

Approach and Criteria for Selection

The City/Utility will use the following criteria in evaluating the responses and making its subsequent selection:

- Applicability to best accomplish the City's/Utility's primary objectives
- Respondent's experience with similar programs to public entities, and
- Total overall cost

Relationship of this selection process to that of the Companion Note

- The City/Utility expects to award both Notes to a single provider, unless clear financial and Loan terms lead to selecting two different providers.

Selection and Financing Calendar

The following timeline is anticipated for the selection and financing process:

Date	Event
December 19, 2017	City Council approves set sale resolution.
December 20, 2017	Distribution of Request for Proposal
January 9, 2018	Last day for respondents to submit written questions
January 11, 2018	Responses to questions distributed to all parties
January 16, 2018	Written proposals are due before 4:00 p.m. CT
No later than January 23, 2018	Bank selected
February 6, 2018	City approves Bank and final financing terms
February 15, 2018	Settlement of Loan

Delivery of Proposal

Your proposal must be executed by an officer of the Respondent authorized to commit the firm. The Proposal must be ***delivered by email not later than:***

Day, Date and Time Proposal is due: January 16, 2018, no later than 4:00 PM, Central Time

Send Proposal to: dmacgillivray@springsted.com

..... dscholl@waukesha-water.com

Information relating to the City, Utility and Project

Besides industry standards, the following documents can be found by following this link _____

- Detailed Project description
- Most recent rating report from Moody's
- Utility's 2015 and 2016 Annual Report

Questions on the RFP

All questions regarding this RFP should be **in writing and sent via email no later than January 9, 2018 at 4:00 PM CST to:**

David MacGillivray, Chairman

Springsted Incorporated

dmacgillivray@springsted.com

All questions and responses will be distributed to all potential providers on the calendar date specified.

Prohibition Against Contact

No City staff person, elected official or professional advisors should be contacted during the solicitation process unless you are specifically directed to do so. The City reserves the right to reject the response of any respondent failing to comply with this provision, and the risk of receipt of misinformation that could result will be borne solely by such respondent. All questions received and their answers will be provided in writing to each firm known to be in receipt of this RFP in accordance with the calendar stated below.

Representatives of any firm contacting Issuer officials without prior approval may be excluded from any further consideration for selection.

Public Process

Please be aware the Issuer is committed to full public disclosure of information upon proper request. Public disclosure of the information requested in this response may be disseminated to the general public if requested.