

City of Watertown

Fire Station Financing

July 5, 2023

Bradley D. Viegut, Managing Director

bviegut@rwbaird.com
777 East Wisconsin Avenue
Milwaukee, WI 53202
Phone 414.765.3827

Robert W. Baird & Co. Incorporated ("Baird") is not recommending any action to you. Baird is not acting as an advisor to you and does not owe you a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934. Baird is acting for its own interests. You should discuss the information contained herein with any and all internal or external advisors and experts you deem appropriate before acting on the information. Baird seeks to serve as an underwriter (or placement agent) on a future transaction and not as a financial advisor or municipal advisor. The primary role of an underwriter (or placement agent) is to purchase, or arrangement for the placement of, securities in an arm's length commercial transaction with the issuer, and it has financial and other interests that differ from those of the issuer. The information provided is for discussion purposes only, in seeking to serve as underwriter (or placement agent). See "Important Disclosures" contained herein.

City of Watertown

FIRE STATION FINANCING

July 5, 2023



Summary of Financing

Issue:	Note Anticipation Notes	General Obligation Refunding Bonds
Estimated Size:	\$13,080,000	\$13,080,000
Purpose:	<ul style="list-style-type: none">• Fire Station• Capitalized Interest through 4/1/2025	<ul style="list-style-type: none">• Refinance the Note Anticipation Notes
Structure:	Matures 10/1/2025	Matures Annually 6/1/2026 – 6/1/2044
First Interest:	April 1, 2025	December 1, 2025
Callable:	Callable 4/1/2025	TBD
Estimated Interest Rate:	4.17%	4.10%
Detailed Analysis:	Page 2	Page 2



City of Watertown

FIRE STATION FINANCING

July 5, 2023

Detailed Analysis

		2024 CIP			Project Fund: \$12,500,000		Refunding of Note Anticipation Note					Overall Taxpayer Impact		
		\$3,740,000			\$13,080,000		\$13,080,000					General Fund		
		G.O. PROMISSORY NOTES			Note Anticipation Note		G.O. REFUNDING BONDS							
		Dated April 1, 2024			Dated April 1, 2024		Dated April 1, 2025							
		(First interest 12/1/24)			(Due 10/1/25)		(First interest 12/1/25)							
YEAR DUE	EXISTING DEBT SERVICE (a)	PRINCIPAL (6/1)	NET INTEREST (b) (6/1 & 12/1) TIC= 3.18%	TOTAL	INTEREST (4/1 & 10/1) TIC= 4.17%		PRINCIPAL (6/1)	NET INTEREST (c) (6/1 & 12/1) TIC= 4.10%	TOTAL	FUTURE BORROWINGS (d) (e)	COMBINED DEBT SERVICE	COMBINED DEBT MILL RATE (f)	YEAR DUE	
2023	\$4,745,942									\$0	\$4,745,942	\$2.54	2023	
2024	\$4,854,063		\$0	\$0						\$0	\$4,854,063	\$2.55	2024	
2025	\$4,443,850	\$480,000	\$35,477	\$515,477	\$588,600			\$0	\$0	\$0	\$4,959,327	\$2.55	2025	
2026	\$3,875,638	\$190,000	\$158,250	\$348,250			\$110,000	\$599,900	\$709,900	\$131,500	\$5,065,288	\$2.55	2026	
2027	\$3,479,531	\$450,000	\$142,250	\$592,250			\$275,000	\$592,200	\$867,200	\$221,500	\$5,160,481	\$2.55	2027	
2028	\$3,345,531	\$475,000	\$119,125	\$594,125			\$225,000	\$582,200	\$807,200	\$414,925	\$5,161,781	\$2.50	2028	
2029	\$2,415,856	\$495,000	\$94,875	\$589,875			\$525,000	\$563,919	\$1,088,919	\$1,068,150	\$5,162,800	\$2.45	2029	
2030	\$2,026,906	\$525,000	\$69,375	\$594,375			\$550,000	\$535,013	\$1,085,013	\$1,452,950	\$5,159,244	\$2.40	2030	
2031	\$1,953,561	\$550,000	\$42,500	\$592,500			\$585,000	\$503,800	\$1,088,800	\$1,527,725	\$5,162,586	\$2.36	2031	
2032	\$726,403	\$575,000	\$14,375	\$589,375			\$615,000	\$470,800	\$1,085,800	\$2,759,425	\$5,161,003	\$2.31	2032	
2033	\$338,531						\$650,000	\$436,825	\$1,086,825	\$3,733,800	\$5,159,156	\$2.26	2033	
2034	\$337,581						\$685,000	\$401,781	\$1,086,781	\$3,738,550	\$5,162,913	\$2.22	2034	
2035	\$341,481						\$725,000	\$364,769	\$1,089,769	\$3,728,225	\$5,159,475	\$2.18	2035	
2036	\$340,231						\$760,000	\$329,588	\$1,089,588	\$3,734,322	\$5,164,140	\$2.14	2036	
2037	\$338,881						\$790,000	\$296,650	\$1,086,650	\$3,736,725	\$5,162,256	\$2.09	2037	
2038	\$338,244						\$825,000	\$262,331	\$1,087,331	\$3,735,200	\$5,160,775	\$2.05	2038	
2039	\$338,125						\$860,000	\$226,525	\$1,086,525	\$3,738,450	\$5,163,100	\$2.01	2039	
2040	\$337,722						\$900,000	\$189,125	\$1,089,125	\$3,736,475	\$5,163,322	\$1.97	2040	
2041							\$935,000	\$150,131	\$1,085,131	\$4,074,175	\$5,159,306	\$1.93	2041	
2042							\$980,000	\$109,438	\$1,089,438	\$4,071,400	\$5,160,838	\$1.90	2042	
2043							\$1,020,000	\$66,938	\$1,086,938	\$4,073,100	\$5,160,038	\$1.86	2043	
2044							\$1,065,000	\$22,631	\$1,087,631	\$4,074,200	\$5,161,831	\$1.82	2044	
	\$34,578,079	\$3,740,000	\$676,227	\$4,416,227			\$13,080,000	\$6,704,563	\$19,784,563	\$53,750,797	\$112,529,665			

(a) The City will make principal payments of \$5,325,000 in 2024.
(b) Hypothetical bid premium on estimated interest cost in the amount of \$264,189.
(c) Hypothetical capitalized interest on estimated interest cost in the amount of \$401,400.
(d) Assumes future borrowings of \$3,000,000 annually beginning in 2025 and thereafter amortized over 8 years at 3.00%.
(e) This information is provided for information purposes only. It does not recommend any future issuances and is not intended to be, and should not be regarded as, advice.
(f) Mill rate based on 2022 Equalized Valuation (TID-OUT) of \$1,868,971,600 with 2.00% growth thereafter.



City of Watertown

FIRE STATION FINANCING

July 5, 2023

Important Disclosures

Robert W. Baird & Co. Incorporated ("Baird") is not recommending that you take or not take any action. Baird is not acting as financial advisor or municipal advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to the information contained herein and/or accompanying materials (collectively, the "Materials"). Baird is acting for its own interests. You should discuss the Materials with any and all internal or external advisors and experts that you deem appropriate before acting on the Materials.

Baird seeks to serve as underwriter in connection with a possible issuance of municipal securities you may be considering and not as financial advisor or municipal advisor. Baird is providing the Materials for discussion purposes only, in anticipation of being engaged to serve as underwriter (or placement agent).

The role of an underwriter includes the following: Municipal Securities Rulemaking Board Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors. An underwriter's primary role is to purchase the proposed securities to be issued with a view to distribution in an arm's length commercial transaction with the issuer. An underwriter has financial and other interests that differ from those of the issuer. An underwriter may provide advice to the issuer concerning the structure, timing, terms, and other similar matters for an issuance of municipal securities. Any such advice, however, would be provided in the context of serving as an underwriter and not as municipal advisor, financial advisor or fiduciary. Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the issuer under the federal securities laws and is therefore not required by federal law to act in the best interests of the issuer without regard to its own financial or other interests. An underwriter has a duty to purchase securities from the issuer at a fair and reasonable price but must balance that duty with its duty to sell those securities to investors at prices that are fair and reasonable. An underwriter will review the official statement (if any) applicable to the proposed issuance in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the proposed issuance.

The Materials do not include any proposals, recommendations or suggestions that you take or refrain from taking any action with regard to an issuance of municipal securities and are not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 or Rule 15Ba1-1 thereunder. The Materials are intended to provide information of a factual, objective or educational nature, as well as general information about Baird (including its Public Finance unit) and its experience, qualifications and capabilities.

On April 1, 2019, Baird Financial Corporation, the parent company of Robert W. Baird & Co. Incorporated ("Baird"), acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively "Hilliard Lyons"). As a result of such common control, Baird and Hilliard Lyons are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

Any information or estimates contained in the Materials are based on publicly available data, including information about recent transactions believed to be comparable, and Baird's experience, and are subject to change without notice. Baird has not independently verified the accuracy of such data. Interested parties are advised to contact Baird for more information.

If you have any questions or concerns about the above disclosures, please contact Baird Public Finance.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that the Materials do not constitute tax advice and shall not be used for the purpose of (i) avoiding tax penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.