

# City of La Crosse, Wisconsin

## Recommendations for Issuance of Bonds

*\$15,600,000 General Obligation Parking Bonds, Series 2017-D*

The Common Council has under consideration the issuance of bonds to finance the purchase of a parking ramp located in the City. This document provides information relative to the proposed issuance.

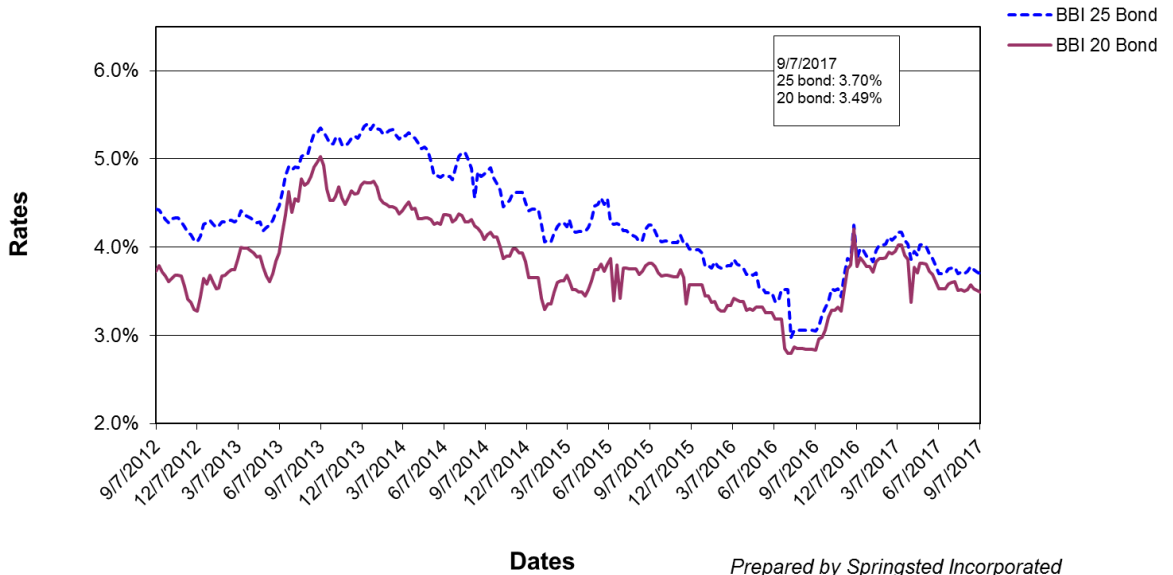
**KEY EVENTS:** The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

|                                     |  |
|-------------------------------------|--|
| August 10, 2017                     | Common Council approves Initial Resolution authorizing the sale and terms of the Bonds |
| Week of September 25, 2017          | Rating conference is conducted   |
| <b>October 12, 2017, 10:30 a.m.</b> | <b>Competitive bids are received</b>   |
| <b>October 12, 2017, 6:00 p.m.</b>  | <b>Council considers award of the Bonds</b>  |
| October 26, 2017                    | Proceeds are received  |

**RATING:** An application will be made to S&P Global Ratings for a rating on the Bonds. The City's general obligation debt is currently rated "AA" by S&P.

**THE MARKET:** Performance of the tax-exempt market is often measured by the Bond Buyer's Index ("BBI") which measures the yield of high grade municipal bonds in the 20<sup>th</sup> year for general obligation bonds (the BBI 20 Bond Index) and the 30<sup>th</sup> year for revenue bonds (the BBI 25 Bond Index). The following chart illustrates these two indices over the past five years.

**BBI 25-bond (Revenue) and 20-bond (G.O.) Rates for 5 Years Ending 9/7/2017**



**POST ISSUANCE COMPLIANCE:**

The issuance of the Bonds will result in post-issuance compliance responsibilities. The responsibilities are in two primary areas: i) compliance with federal arbitrage requirements and ii) compliance with secondary disclosure requirements.

Federal arbitrage requirements include a wide range of implications that have been taken into account as this issue has been structured. Post-issuance compliance responsibilities for this tax-exempt issue include both rebate and yield restriction provisions of the IRS Code. In general terms the arbitrage requirements control the earnings on unexpended bond proceeds, including investment earnings, moneys held for debt service payments (which are considered to be proceeds under the IRS regulations), and/or reserves. Under certain circumstances any “excess earnings” will need to be paid to the IRS to maintain the tax-exempt status of the Bonds. Any interest earnings on gross bond proceeds or debt service funds should not be spent until it has been determined based on actual facts that they are not “excess earnings” as defined by the IRS Code.

The arbitrage rules provide for spend-down exceptions for proceeds that are spent within either a 6-month, 18-month or 24-month period in accordance with certain spending criteria. Proceeds that qualify for an exception will be exempt from rebate. These exceptions are based on actual expenditures and not based on reasonable expectations; and expenditures, including any investment proceeds, will have to meet the spending criteria to qualify for the exclusion. The City expects to meet the 6-month spending exception.

Regardless of whether the issue qualifies for an exemption from the rebate provisions, yield restriction provisions will apply to the debt service fund and any project proceeds unspent after three years and the funds should be monitored on an ongoing basis.

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. To meet this requirement, any prospective underwriter will require the City to commit to providing the information needed to comply under a continuing disclosure agreement.

Springsted currently provides both arbitrage and continuing disclosure services to the City. Springsted will work with the City to include the Bonds under the existing Agreement for Municipal Advisor Services.

**SUPPLEMENTAL INFORMATION AND BOND RECORD:**

Supplementary information will be available to staff including detailed terms and conditions of sale, comprehensive structuring schedules and information to assist in meeting post-issuance compliance responsibilities.

Upon completion of the financing, a bond record will be provided that contains pertinent documents and final debt service calculations for the transaction.

**PURPOSE:**

On December 10, 2015, the City and Third and Pine, LLC, a Wisconsin limited liability company (the “Developer”), entered in an agreement (the “Purchase Agreement”) for the City to purchase Lot C Parking Ramp (the “Parking Ramp”) when completed. The Parking Ramp is a six-story parking ramp with approximately 600 parking spaces, located in the City. Construction of the Parking Ramp has been completed and the City, pursuant to the Purchase Agreement, will purchase the Parking Ramp with the proceeds of the Bonds.

The City has approved the initial resolution authorizing the issuance of the Bonds in an amount not to exceed \$15,600,000.

|  |   |
|--|---|
| <b>AUTHORITY:</b>                      | The Bonds are being issued pursuant to Wisconsin Statutes, Chapter 67.  |
| <b>SECURITY AND SOURCE OF PAYMENT:</b> | <p>The Bonds will be a general obligation of the City, secured by its full faith and credit and unlimited taxing power and will be repaid with ad valorem property taxes. The Award Resolution for the Bonds will include the levying of an annual irrevocable amount sufficient to make all debt service payments through the final maturity of the Bonds, as required by state law.</p> <p>The City will make its first levy for the Bonds in 2017 for collection in 2018. Each year's collection of taxes will be used to make the interest payment due April 1 and the principal and interest payment due October 1 of the collection year.</p>   |
| <b>STRUCTURING SUMMARY:</b>            | <p>In consultation with the City, the Bonds have been structured with approximately level annual debt service for a term of twenty years.</p> <p>Estimated interest rates applied in the structuring of the Bonds are based on current market conditions and assume a reoffering premium sufficient to compensate the underwriter under a par bidding limitation. Par bidding requires that an underwriter bid not less than 100% of the face amount of the Bonds. Any premium received above the par amount of the Bonds will be placed in the debt service fund and applied to make the interest payments due beginning with the April 1, 2018 payment.</p>   |
| <b>SCHEDULES ATTACHED:</b>             | Schedules attached for the Bonds include sources and uses of funds, pricing summary and a projected debt service schedule given the current market environment.   |
| <b>RISKS/SPECIAL CONSIDERATIONS:</b>   | <p>The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.</p> <p>As discussed above, we expect the Bonds to price with premium coupon rates. We have made a reasonable estimate of a possible premium couponing scenario in structuring the Bonds but actual results on the day of sale are likely to be different.</p>  |
| <b>SALE TERMS AND MARKETING:</b>       | <p><u>Variability of Issue Size:</u> A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.</p> <p><u>Bidding Parameters:</u> Wisconsin statutes require that any original issue premium received be deposited to the debt service fund. In order to limit the amount of premium received, we've included a not to exceed bid of 105% in the Official Notice of Sale.</p> <p><u>Prepayment Provisions:</u> Bonds maturing on or after October 1, 2028 may be prepaid at a price of par plus accrued interest on or after October 1, 2027.</p> <p><u>Bank Qualification:</u> The City will issue more than \$10 million in tax-exempt obligations in 2017; therefore, the Bonds are not designated as bank qualified.</p> |

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**\$15,600,000**

**City of La Crosse, Wisconsin**  
General Obligation Parking Bonds, Series 2017-D

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**Sources & Uses**

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**Dated 10/26/2017 | Delivered 10/26/2017**

**Sources Of Funds**

|                          |                 |
|--------------------------|-----------------|
| Par Amount of Bonds..... | \$15,600,000.00 |
| Reoffering Premium.....  | 781,496.30      |

**Total Sources..... \$16,381,496.30**

**Uses Of Funds**

|   |               |
|---|---------------|
| Deposit to Project Fund.....                | 15,531,950.00 |
| Deposit to Debt Service Fund (Premium)..... | 672,296.30    |
| Total Underwriter's Discount (0.700%).....  | 109,200.00    |
| Costs of Issuance.....                      | 68,050.00     |

**Total Uses..... \$16,381,496.30**

**\$15,600,000**

**City of La Crosse, Wisconsin  
General Obligation Parking Bonds, Series 2017-D**

**Pricing Summary**

| <b>Maturity</b> | <b>Type of Bond</b> | <b>Coupon</b> | <b>Yield</b> | <b>Maturity Value</b>  | <b>Price</b> | <b>Dollar Price</b>    |
|-----------------|---------------------|---------------|--------------|------------------------|--------------|------------------------|
| 10/01/2018      | Serial Coupon       | 3.000%        | 0.950%       | 590,000.00             | 101.894%     | 601,174.60             |
| 10/01/2019      | Serial Coupon       | 3.000%        | 1.050%       | 570,000.00             | 103.716%     | 591,181.20             |
| 10/01/2020      | Serial Coupon       | 3.000%        | 1.100%       | 590,000.00             | 105.464%     | 622,237.60             |
| 10/01/2021      | Serial Coupon       | 4.000%        | 1.200%       | 605,000.00             | 110.717%     | 669,837.85             |
| 10/01/2022      | Serial Coupon       | 4.000%        | 1.250%       | 630,000.00             | 113.109%     | 712,586.70             |
| 10/01/2023      | Serial Coupon       | 4.000%        | 1.400%       | 655,000.00             | 114.746%     | 751,586.30             |
| 10/01/2024      | Serial Coupon       | 4.000%        | 1.600%       | 680,000.00             | 115.684%     | 786,651.20             |
| 10/01/2025      | Serial Coupon       | 4.000%        | 1.750%       | 710,000.00             | 116.592%     | 827,803.20             |
| 10/01/2026      | Serial Coupon       | 4.000%        | 1.900%       | 735,000.00             | 117.173%     | 861,221.55             |
| 10/01/2027      | Serial Coupon       | 4.000%        | 2.200%       | 765,000.00             | 115.977%     | 887,224.05             |
| 10/01/2028      | Serial Coupon       | 2.400%        | 2.400%       | 795,000.00             | 99.999%      | 794,992.05             |
| 10/01/2029      | Serial Coupon       | 2.600%        | 2.600%       | 815,000.00             | 100.000%     | 815,000.00             |
| 10/01/2030      | Serial Coupon       | 2.750%        | 2.750%       | 835,000.00             | 100.000%     | 835,000.00             |
| 10/01/2031      | Serial Coupon       | 3.050%        | 3.050%       | 860,000.00             | 100.000%     | 860,000.00             |
| 10/01/2032      | Serial Coupon       | 3.150%        | 3.150%       | 885,000.00             | 100.000%     | 885,000.00             |
| 10/01/2033      | Serial Coupon       | 3.200%        | 3.200%       | 915,000.00             | 100.000%     | 915,000.00             |
| 10/01/2034      | Serial Coupon       | 3.200%        | 3.200%       | 945,000.00             | 100.000%     | 945,000.00             |
| 10/01/2035      | Serial Coupon       | 3.250%        | 3.250%       | 975,000.00             | 100.000%     | 975,000.00             |
| 10/01/2036      | Serial Coupon       | 3.300%        | 3.300%       | 1,005,000.00           | 100.000%     | 1,005,000.00           |
| 10/01/2037      | Serial Coupon       | 3.350%        | 3.350%       | 1,040,000.00           | 100.000%     | 1,040,000.00           |
| <b>Total</b>    | <b>-</b>            | <b>-</b>      | <b>-</b>     | <b>\$15,600,000.00</b> | <b>-</b>     | <b>\$16,381,496.30</b> |

**Bid Information**

|  |                 |
|--|-----------------|
| Par Amount of Bonds.....                   | \$15,600,000.00 |
| Reoffering Premium or (Discount).....      | 781,496.30      |
| Gross Production.....                      | \$16,381,496.30 |
| <br>                                       |                 |
| Total Underwriter's Discount (0.700%)..... | \$(109,200.00)  |
| Bid (104.310%).....                        | 16,272,296.30   |
| <br>                                       |                 |
| Total Purchase Price.....                  | \$16,272,296.30 |
| <br>                                       |                 |
| Bond Year Dollars.....                     | \$179,466.67    |
| Average Life.....                          | 11.504 Years    |
| Average Coupon.....                        | 3.2680143%      |
| <br>                                       |                 |
| Net Interest Cost (NIC).....               | 2.8934064%      |
| True Interest Cost (TIC).....              | 2.8192116%      |

**\$15,600,000**

**City of La Crosse, Wisconsin  
General Obligation Parking Bonds, Series 2017-D**

**DEBT SERVICE SCHEDULE**

| Date         | Principal              | Coupon   | Interest              | Total P+I              | Estimated Premium   | Net Levy               | Net Levy Fiscal Total  |
|--------------|------------------------|----------|-----------------------|------------------------|---------------------|------------------------|------------------------|
| 10/26/2017   | -                      | -        | -                     | -                      | -                   | -                      | -                      |
| 04/01/2018   | -                      | -        | 223,997.60            | 223,997.60             | 223,997.60          | -                      | -                      |
| 10/01/2018   | 590,000.00             | 3.000%   | 260,126.25            | 850,126.25             | 260,126.25          | 590,000.00             | 590,000.00             |
| 04/01/2019   | -                      | -        | 251,276.25            | 251,276.25             | 188,172.45          | 63,103.80              | -                      |
| 10/01/2019   | 570,000.00             | 3.000%   | 251,276.25            | 821,276.25             | -                   | 821,276.25             | 884,380.05             |
| 04/01/2020   | -                      | -        | 242,726.25            | 242,726.25             | -                   | 242,726.25             | -                      |
| 10/01/2020   | 590,000.00             | 3.000%   | 242,726.25            | 832,726.25             | -                   | 832,726.25             | 1,075,452.50           |
| 04/01/2021   | -                      | -        | 233,876.25            | 233,876.25             | -                   | 233,876.25             | -                      |
| 10/01/2021   | 605,000.00             | 4.000%   | 233,876.25            | 838,876.25             | -                   | 838,876.25             | 1,072,752.50           |
| 04/01/2022   | -                      | -        | 221,776.25            | 221,776.25             | -                   | 221,776.25             | -                      |
| 10/01/2022   | 630,000.00             | 4.000%   | 221,776.25            | 851,776.25             | -                   | 851,776.25             | 1,073,552.50           |
| 04/01/2023   | -                      | -        | 209,176.25            | 209,176.25             | -                   | 209,176.25             | -                      |
| 10/01/2023   | 655,000.00             | 4.000%   | 209,176.25            | 864,176.25             | -                   | 864,176.25             | 1,073,352.50           |
| 04/01/2024   | -                      | -        | 196,076.25            | 196,076.25             | -                   | 196,076.25             | -                      |
| 10/01/2024   | 680,000.00             | 4.000%   | 196,076.25            | 876,076.25             | -                   | 876,076.25             | 1,072,152.50           |
| 04/01/2025   | -                      | -        | 182,476.25            | 182,476.25             | -                   | 182,476.25             | -                      |
| 10/01/2025   | 710,000.00             | 4.000%   | 182,476.25            | 892,476.25             | -                   | 892,476.25             | 1,074,952.50           |
| 04/01/2026   | -                      | -        | 168,276.25            | 168,276.25             | -                   | 168,276.25             | -                      |
| 10/01/2026   | 735,000.00             | 4.000%   | 168,276.25            | 903,276.25             | -                   | 903,276.25             | 1,071,552.50           |
| 04/01/2027   | -                      | -        | 153,576.25            | 153,576.25             | -                   | 153,576.25             | -                      |
| 10/01/2027   | 765,000.00             | 4.000%   | 153,576.25            | 918,576.25             | -                   | 918,576.25             | 1,072,152.50           |
| 04/01/2028   | -                      | -        | 138,276.25            | 138,276.25             | -                   | 138,276.25             | -                      |
| 10/01/2028   | 795,000.00             | 2.400%   | 138,276.25            | 933,276.25             | -                   | 933,276.25             | 1,071,552.50           |
| 04/01/2029   | -                      | -        | 128,736.25            | 128,736.25             | -                   | 128,736.25             | -                      |
| 10/01/2029   | 815,000.00             | 2.600%   | 128,736.25            | 943,736.25             | -                   | 943,736.25             | 1,072,472.50           |
| 04/01/2030   | -                      | -        | 118,141.25            | 118,141.25             | -                   | 118,141.25             | -                      |
| 10/01/2030   | 835,000.00             | 2.750%   | 118,141.25            | 953,141.25             | -                   | 953,141.25             | 1,071,282.50           |
| 04/01/2031   | -                      | -        | 106,660.00            | 106,660.00             | -                   | 106,660.00             | -                      |
| 10/01/2031   | 860,000.00             | 3.050%   | 106,660.00            | 966,660.00             | -                   | 966,660.00             | 1,073,320.00           |
| 04/01/2032   | -                      | -        | 93,545.00             | 93,545.00              | -                   | 93,545.00              | -                      |
| 10/01/2032   | 885,000.00             | 3.150%   | 93,545.00             | 978,545.00             | -                   | 978,545.00             | 1,072,090.00           |
| 04/01/2033   | -                      | -        | 79,606.25             | 79,606.25              | -                   | 79,606.25              | -                      |
| 10/01/2033   | 915,000.00             | 3.200%   | 79,606.25             | 994,606.25             | -                   | 994,606.25             | 1,074,212.50           |
| 04/01/2034   | -                      | -        | 64,966.25             | 64,966.25              | -                   | 64,966.25              | -                      |
| 10/01/2034   | 945,000.00             | 3.200%   | 64,966.25             | 1,009,966.25           | -                   | 1,009,966.25           | 1,074,932.50           |
| 04/01/2035   | -                      | -        | 49,846.25             | 49,846.25              | -                   | 49,846.25              | -                      |
| 10/01/2035   | 975,000.00             | 3.250%   | 49,846.25             | 1,024,846.25           | -                   | 1,024,846.25           | 1,074,692.50           |
| 04/01/2036   | -                      | -        | 34,002.50             | 34,002.50              | -                   | 34,002.50              | -                      |
| 10/01/2036   | 1,005,000.00           | 3.300%   | 34,002.50             | 1,039,002.50           | -                   | 1,039,002.50           | 1,073,005.00           |
| 04/01/2037   | -                      | -        | 17,420.00             | 17,420.00              | -                   | 17,420.00              | -                      |
| 10/01/2037   | 1,040,000.00           | 3.350%   | 17,420.00             | 1,057,420.00           | -                   | 1,057,420.00           | 1,074,840.00           |
| <b>Total</b> | <b>\$15,600,000.00</b> | <b>-</b> | <b>\$5,864,996.35</b> | <b>\$21,464,996.35</b> | <b>\$672,296.30</b> | <b>\$20,792,700.05</b> | <b>\$20,792,700.05</b> |

**SIGNIFICANT DATES**

|                        |            |
|------------------------|------------|
| Dated Date.....        | 10/26/2017 |
| Delivery Date.....     | 10/26/2017 |
| First Coupon Date..... | 4/01/2018  |

**Yield Statistics**

|  |              |
|--|--------------|
| Bond Year Dollars.....                 | \$179,466.67 |
| Average Life.....                      | 11.504 Years |
| Average Coupon.....                    | 3.2680143%   |
| Net Interest Cost (NIC).....           | 2.8934064%   |
| True Interest Cost (TIC).....          | 2.8192116%   |
| Bond Yield for Arbitrage Purposes..... | 2.7473522%   |
| All Inclusive Cost (AIC).....          | 2.8643408%   |

**IRS Form 8038**

|                                |              |
|--------------------------------|--------------|
| Net Interest Cost.....         | 2.7498954%   |
| Weighted Average Maturity..... | 11.285 Years |

2017-D TE GO Parking Bond | SINGLE PURPOSE | 9/ 6/2017 | 2:49 PM