

## City of La Crosse, Wisconsin Recommendations for Issuance of Bonds and Notes

\$5,560,000 General Obligation Corporate Purpose Bonds, Series 2017-A (the “2017-A Bonds”)

\$3,265,000 Taxable General Obligation Airport Bonds, Series 2017-B (the “2017-B Airport Bonds”)

\$2,210,000 General Obligation Promissory Notes, Series 2017-C (the “2017-C Notes”)

The Common Council has under consideration the issuance of bonds and notes to finance various capital projects as detailed in the City’s 2017 – 2021 Capital Improvement Plan. The issuance of three series of obligations are due to the taxability and useful lives of the projects. Together the 2017-A Bonds, the 2017-B Airport Bonds and the 2017-C Notes are referred to as the “Obligations”. This document provides information relative to the proposed issuance.

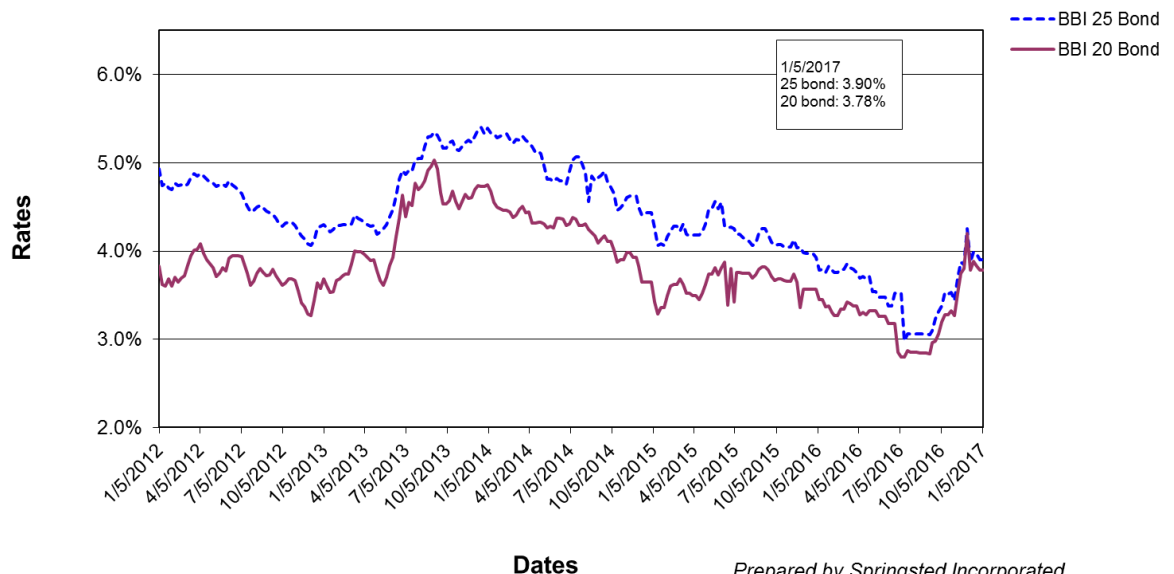
**KEY EVENTS:** The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

November 10, 2016	Common Council approved sale date and terms
Week of January 23, 2017	Rating conference is conducted
<b>February 9, 2017, 10:00 a.m.</b>	<b>Competitive bids are received</b>
<b>February 9, 2017, 7:30 p.m.</b>	<b>Common Council considers award of the Obligations</b>
March 9, 2017	Proceeds are received

**RATING:** An application will be made to Standard & Poor’s Ratings Services for a rating on the Obligations. The City’s general obligation debt is currently rated “AA” by S&P

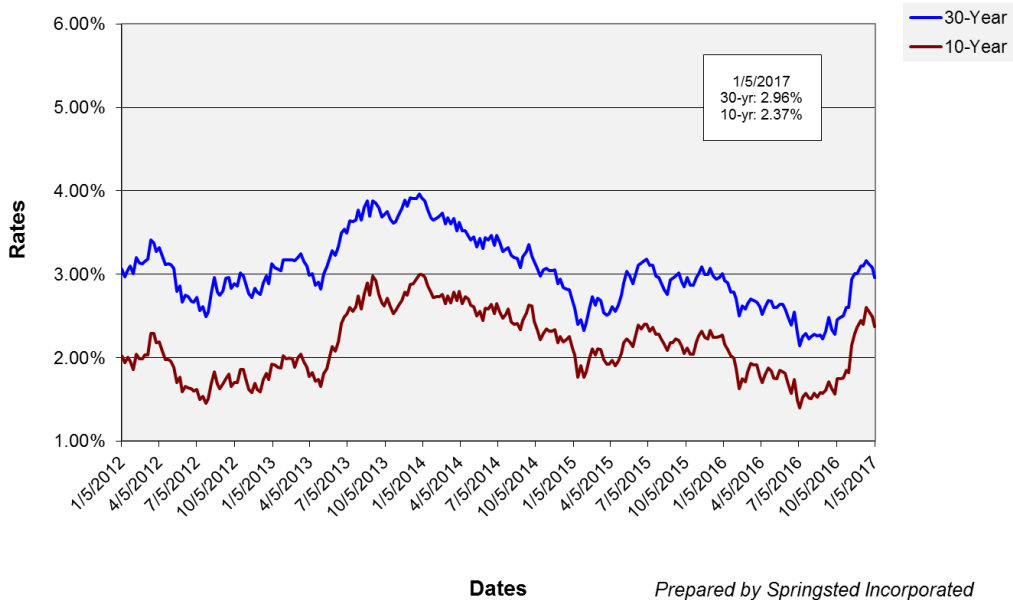
**THE MARKET:** Performance of the tax-exempt market is often measured by the Bond Buyer’s Index (“BBI”) which measures the yield of high grade municipal bonds in the 20<sup>th</sup> year for general obligation bonds (the BBI 20 Bond Index) and the 30<sup>th</sup> year for revenue bonds (the BBI 25 Bond 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 1/5/2017**



Interest rates for the taxable municipal market are quoted as a spread to U.S. Treasury Securities. To give you an indication of the relative position of that market, the chart below tracks the yield of the 10-year and 30-year U.S. Treasury over the last five years.

**10-year and 30-year Treasury Rates for Five Years Ending January 5, 2017**



**POST ISSUANCE COMPLIANCE:**

The issuance of the Obligations 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.

**Note: Since the 2017-B Airport Bonds are taxable, they are not subject to the federal arbitrage requirements.**

Federal arbitrage requirements include a wide range of implications that have been taken into account as your issue has been structured. Post-issuance compliance responsibilities for your 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 an exception from rebate for proceeds that are spent within a 6-month, 18-month or 24-month period in accordance with certain spending criteria. The City expects to meet the 18-month spending exception on the 2017-A Bonds and 2017-C Notes. This will require the City to comply with the following spend-down schedule:

- 15% spent within 6 months
- 60% spent within 12 months
- 100% spent within 18 months

Gross proceeds that meet the test will qualify for an exception to rebate.

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 and the City have entered into a contract to provide municipal advisory services including arbitrage and continuing disclosure 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, bond and note records will be provided that contain pertinent documents and final debt service calculations for these transactions.

**PURPOSE:**

Proceeds of the Obligations will be used to finance various projects for various City departments as identified in the City’s 2017 – 2021 Capital Improvement Program (CIP).

The table below provides the detail of the CIP projects being financed by each issue:

	<b>2017-A Bonds</b>	<b>2017-B Airport Bonds</b>	<b>2017-C Notes</b>	<b>Total</b>
Airport		3,200,000		3,200,000
Alleys			53,000	53,000
Equipment			802,920	802,920
Fire	160,000			160,000
Library			54,947	54,947
Parks	790,405			790,405
Public Buildings			599,584	599,584
Misc. Urban			350,000	350,000
Storm	1,000,000			1,000,000
Streets	3,312,651		62,500	3,375,151
Sidewalks/Streetscape			243,000	243,000
Water	195,993			195,993
<b>TOTAL</b>	<b>5,459,049</b>	<b>3,200,000</b>	<b>2,165,951</b>	<b>10,825,000</b>

<b>AUTHORITY:</b>	The Obligations are being issued pursuant to Wisconsin Statutes, Chapter 67.
<b>SECURITY AND SOURCE OF PAYMENT:</b>	<p>The Obligations will be general obligations 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 Resolutions for the Obligations will include the levying of an annual irrevocable amount sufficient to make all debt service payments through the final maturity of the Obligations, as required by state law.</p> <p>The City will make its first levy for the Obligations in 2017 for collection in 2018. Each year's collection of taxes will be used to make the principal and interest payments due on March 1 and the interest payments due on September 1 of the collection year.</p> <p>In regard to the 2017-B Airport Bonds, the City expects to use revenues generated from airport facility charges to pay debt service and abate the need for levying property taxes.</p>
<b>STRUCTURING SUMMARY:</b>	<p>In collaboration with the City, debt service for the 2017-A Bonds and 2017-C Notes have been structured to meet the City's budget and levy constraints taking into account the projected off-setting revenues, as provided by the City, from other funding sources (e.g. tax increment revenues, utility revenues, airport revenues, etc.) and existing and projected future levy debt.</p> <p>The 2017-B Airport Bonds have been structured with approximately level annual debt service for a term of 15 years.</p>
<b>SCHEDULES ATTACHED:</b>	Schedules attached for the Obligations include (i) sources and uses and debt service schedules for each issue and (ii) a schedule showing the City's total outstanding general obligation debt, projected future general obligation debt and offsetting revenue.
<b>RISKS/SPECIAL CONSIDERATIONS:</b>	The outcome of these financings will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.
<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>Prepayment Provisions:</u></p> <ul style="list-style-type: none"> <li>• 2017-A Bonds - Bonds maturing on or after March 1, 2028 may be prepaid at a price of par plus accrued interest on or after March 1, 2027.</li> <li>• 2017-B Airport Bonds – Bonds maturing on or after March 1, 2028 may be prepaid at a price of par plus accrued interest on or after March 1, 2027.</li> <li>• 2017-C Notes - Bonds maturing on or after March 1, 2025 may be prepaid at a price of par plus accrued interest on or after March 1, 2024.</li> </ul> <p><u>Bank Qualification:</u> The City expects to issue more than \$10 million in tax-exempt obligations that count against the \$10 million limit for 2017; therefore, the 2017-A Bonds and 2017-C Notes are not designated as bank qualified. Note: taxable obligations such as the 2017-B Airport Bonds do not count towards the \$10 million bank qualification limit.</p>

---

**\$5,560,000**

**City of La Crosse, Wisconsin**  
General Obligation Corporate Purpose Bonds, Series 2017-A

---

**Sources & Uses**

---

**Dated 03/09/2017 | Delivered 03/09/2017**

**Sources Of Funds**

Par Amount of Bonds..... \$5,560,000.00

**Total Sources..... \$5,560,000.00**

**Uses Of Funds**

Deposit to Project Construction Fund..... 5,459,049.00

Total Underwriter's Discount (1.050%)..... 58,380.00

Costs of Issuance..... 40,737.75

Deposit to Project Fund..... 1,833.25

**Total Uses..... \$5,560,000.00**

**\$5,560,000**

**City of La Crosse, Wisconsin**  
General Obligation Corporate Purpose Bonds, Series 2017-A

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/09/2017	-	-	-	-	-
03/01/2018	-	-	148,152.89	148,152.89	-
09/01/2018	-	-	75,760.00	75,760.00	223,912.89
03/01/2019	600,000.00	1.700%	75,760.00	675,760.00	-
09/01/2019	-	-	70,660.00	70,660.00	746,420.00
03/01/2020	365,000.00	1.900%	70,660.00	435,660.00	-
09/01/2020	-	-	67,192.50	67,192.50	502,852.50
03/01/2021	380,000.00	2.050%	67,192.50	447,192.50	-
09/01/2021	-	-	63,297.50	63,297.50	510,490.00
03/01/2022	335,000.00	2.200%	63,297.50	398,297.50	-
09/01/2022	-	-	59,612.50	59,612.50	457,910.00
03/01/2023	320,000.00	2.350%	59,612.50	379,612.50	-
09/01/2023	-	-	55,852.50	55,852.50	435,465.00
03/01/2024	280,000.00	2.500%	55,852.50	335,852.50	-
09/01/2024	-	-	52,352.50	52,352.50	388,205.00
03/01/2025	335,000.00	2.600%	52,352.50	387,352.50	-
09/01/2025	-	-	47,997.50	47,997.50	435,350.00
03/01/2026	370,000.00	2.850%	47,997.50	417,997.50	-
09/01/2026	-	-	42,725.00	42,725.00	460,722.50
03/01/2027	405,000.00	2.950%	42,725.00	447,725.00	-
09/01/2027	-	-	36,751.25	36,751.25	484,476.25
03/01/2028	405,000.00	3.150%	36,751.25	441,751.25	-
09/01/2028	-	-	30,372.50	30,372.50	472,123.75
03/01/2029	420,000.00	3.300%	30,372.50	450,372.50	-
09/01/2029	-	-	23,442.50	23,442.50	473,815.00
03/01/2030	430,000.00	3.400%	23,442.50	453,442.50	-
09/01/2030	-	-	16,132.50	16,132.50	469,575.00
03/01/2031	450,000.00	3.450%	16,132.50	466,132.50	-
09/01/2031	-	-	8,370.00	8,370.00	474,502.50
03/01/2032	465,000.00	3.600%	8,370.00	473,370.00	-
09/01/2032	-	-	-	-	473,370.00
Total	\$5,560,000.00	-	\$1,449,190.39	\$7,009,190.39	-

**SIGNIFICANT DATES**

Dated Date..... 3/09/2017  
Delivery Date..... 3/09/2017  
First Coupon Date..... 3/01/2018

**Yield Statistics**

Bond Year Dollars..... \$47,666.44  
Average Life..... 8.573 Years  
Average Coupon..... 3.0402737%  
Net Interest Cost (NIC)..... 3.1627498%  
True Interest Cost (TIC)..... 3.1545525%  
Bond Yield for Arbitrage Purposes..... 3.0109384%  
All Inclusive Cost (AIC)..... 3.2560326%

**IRS Form 8038**

Net Interest Cost..... 3.0402737%  
Weighted Average Maturity..... 8.573 Years

2017-A GO Bonds | SINGLE PURPOSE | 1/4/2017 | 2:09 PM

---

**\$3,265,000**

**City of La Crosse, Wisconsin**  
Taxable General Obligation Airport Bonds, Series 2017-B

---

**Sources & Uses**

---

**Dated 03/09/2017 | Delivered 03/09/2017**

**Sources Of Funds**

Par Amount of Bonds..... \$3,265,000.00

**Total Sources..... \$3,265,000.00**

**Uses Of Funds**

Deposit to Project Construction Fund..... 3,200,000.00

Total Underwriter's Discount (0.950%)..... 31,017.50

Costs of Issuance..... 30,181.45

Rounding Amount..... 3,801.05

**Total Uses..... \$3,265,000.00**

**\$3,265,000**

**City of La Crosse, Wisconsin**  
**Taxable General Obligation Airport Bonds, Series 2017-B**

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/09/2017	-	-	-	-	-
03/01/2018	125,000.00	1.800%	107,602.00	232,602.00	-
09/01/2018	-	-	53,898.75	53,898.75	286,500.75
03/01/2019	185,000.00	2.050%	53,898.75	238,898.75	-
09/01/2019	-	-	52,002.50	52,002.50	290,901.25
03/01/2020	185,000.00	2.300%	52,002.50	237,002.50	-
09/01/2020	-	-	49,875.00	49,875.00	286,877.50
03/01/2021	190,000.00	2.500%	49,875.00	239,875.00	-
09/01/2021	-	-	47,500.00	47,500.00	287,375.00
03/01/2022	195,000.00	2.800%	47,500.00	242,500.00	-
09/01/2022	-	-	44,770.00	44,770.00	287,270.00
03/01/2023	200,000.00	3.000%	44,770.00	244,770.00	-
09/01/2023	-	-	41,770.00	41,770.00	286,540.00
03/01/2024	210,000.00	3.200%	41,770.00	251,770.00	-
09/01/2024	-	-	38,410.00	38,410.00	290,180.00
03/01/2025	215,000.00	3.400%	38,410.00	253,410.00	-
09/01/2025	-	-	34,755.00	34,755.00	288,165.00
03/01/2026	225,000.00	3.500%	34,755.00	259,755.00	-
09/01/2026	-	-	30,817.50	30,817.50	290,572.50
03/01/2027	230,000.00	3.650%	30,817.50	260,817.50	-
09/01/2027	-	-	26,620.00	26,620.00	287,437.50
03/01/2028	240,000.00	3.850%	26,620.00	266,620.00	-
09/01/2028	-	-	22,000.00	22,000.00	288,620.00
03/01/2029	250,000.00	3.950%	22,000.00	272,000.00	-
09/01/2029	-	-	17,062.50	17,062.50	289,062.50
03/01/2030	260,000.00	4.050%	17,062.50	277,062.50	-
09/01/2030	-	-	11,797.50	11,797.50	288,860.00
03/01/2031	270,000.00	4.200%	11,797.50	281,797.50	-
09/01/2031	-	-	6,127.50	6,127.50	287,925.00
03/01/2032	285,000.00	4.300%	6,127.50	291,127.50	-
09/01/2032	-	-	-	-	291,127.50
Total	\$3,265,000.00	-	\$1,062,414.50	\$4,327,414.50	-

**SIGNIFICANT DATES**

Dated Date.....	3/09/2017
Delivery Date.....	3/09/2017
First Coupon Date.....	3/01/2018

**Yield Statistics**

Bond Year Dollars.....	\$28,502.44
Average Life.....	8.730 Years
Average Coupon.....	3.7274505%
Net Interest Cost (NIC).....	3.8362745%
True Interest Cost (TIC).....	3.8219969%
Bond Yield for Arbitrage Purposes.....	3.6898346%
All Inclusive Cost (AIC).....	3.9523176%

**IRS Form 8038**

Net Interest Cost.....	3.7274505%
Weighted Average Maturity.....	8.730 Years

2017-B Taxable GO Airport | SINGLE PURPOSE | 12/29/2016 | 2:26 PM



---

**\$2,210,000**

**City of La Crosse, Wisconsin**  
General Obligation Promissory Notes, Series 2017-C

---

**Sources & Uses**

---

**Dated 03/09/2017 | Delivered 03/09/2017**

**Sources Of Funds**

Par Amount of Bonds..... \$2,210,000.00

**Total Sources..... \$2,210,000.00**

**Uses Of Funds**

Deposit to Project Construction Fund..... 2,165,951.00

Costs of Issuance..... 23,770.80

Total Underwriter's Discount (0.850%)..... 18,785.00

Deposit to Project Fund..... 1,493.20

**Total Uses..... \$2,210,000.00**

**\$2,210,000**

**City of La Crosse, Wisconsin**  
General Obligation Promissory Notes, Series 2017-C

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/09/2017	-	-	-	-	-
03/01/2018	-	-	47,094.67	47,094.67	-
09/01/2018	-	-	24,082.50	24,082.50	71,177.17
03/01/2019	700,000.00	1.700%	24,082.50	724,082.50	-
09/01/2019	-	-	18,132.50	18,132.50	742,215.00
03/01/2020	225,000.00	1.900%	18,132.50	243,132.50	-
09/01/2020	-	-	15,995.00	15,995.00	259,127.50
03/01/2021	225,000.00	2.050%	15,995.00	240,995.00	-
09/01/2021	-	-	13,688.75	13,688.75	254,683.75
03/01/2022	170,000.00	2.200%	13,688.75	183,688.75	-
09/01/2022	-	-	11,818.75	11,818.75	195,507.50
03/01/2023	170,000.00	2.350%	11,818.75	181,818.75	-
09/01/2023	-	-	9,821.25	9,821.25	191,640.00
03/01/2024	175,000.00	2.500%	9,821.25	184,821.25	-
09/01/2024	-	-	7,633.75	7,633.75	192,455.00
03/01/2025	180,000.00	2.600%	7,633.75	187,633.75	-
09/01/2025	-	-	5,293.75	5,293.75	192,927.50
03/01/2026	180,000.00	2.850%	5,293.75	185,293.75	-
09/01/2026	-	-	2,728.75	2,728.75	188,022.50
03/01/2027	185,000.00	2.950%	2,728.75	187,728.75	-
09/01/2027	-	-	-	-	187,728.75
Total	\$2,210,000.00	-	\$265,484.67	\$2,475,484.67	-

**SIGNIFICANT DATES**

Dated Date.....	3/09/2017
Delivery Date.....	3/09/2017
First Coupon Date.....	3/01/2018

**Yield Statistics**

Bond Year Dollars.....	\$10,930.89
Average Life.....	4.946 Years
Average Coupon.....	2.4287565%
Net Interest Cost (NIC).....	2.6006089%
True Interest Cost (TIC).....	2.5993413%
Bond Yield for Arbitrage Purposes.....	2.4127292%
All Inclusive Cost (AIC).....	2.8388579%

**IRS Form 8038**

Net Interest Cost.....	2.4287565%
Weighted Average Maturity.....	4.946 Years

**City of La Crosse, Wisconsin**  
**Outstanding General Obligation Debt As of January 1, 2017 & Projected Future Debt**

Date	Existing D/S	2017-A Bonds	2017-B Airport Bonds	2017-C Notes	2017 La Crosse Center Bonds (1)	Future 2018-2026 CIP (2)	TOTAL All Debt (Outstanding & Projected)	Annual Bond Expenses	2017 Issues Non-Levy Revenue (3)	Debt Revenue Offset (4)	Total Net GF D/S
2017	15,549,632						15,549,632	25,000		(8,772,040)	6,802,593
2018	14,110,672	223,913	286,501	71,177	1,119,227		15,811,490	25,000	(294,539)	(8,171,234)	7,370,716
2019	6,827,304	746,420	290,901	742,215	3,125,975	1,602,225	13,335,040	25,000	(317,698)	(5,372,551)	7,669,791
2020	6,143,809	502,853	286,878	259,128	2,727,875	2,381,700	12,302,242	25,000	(304,930)	(4,358,632)	7,663,680
2021	5,189,578	510,490	287,375	254,684	2,716,975	1,770,638	10,729,739	25,000	(305,702)	(2,780,847)	7,668,190
2022	4,616,982	457,910	287,270	195,508	2,640,025	2,544,300	10,741,994	25,000	(303,709)	(2,796,408)	7,666,877
2023	4,301,975	435,465	286,540	191,640	2,563,975	2,949,750	10,729,345	25,000	(302,173)	(2,786,057)	7,666,116
2024	4,294,863	388,205	290,180	192,455	2,558,825	2,881,513	10,606,040	25,000	(304,117)	(2,659,888)	7,667,036
2025	3,010,850	435,350	288,165	192,928	2,562,475	4,419,463	10,909,230	25,000	(303,794)	(2,963,151)	7,667,285
2026	2,458,988	460,723	290,573	188,023	2,569,625	5,089,775	11,057,706	25,000	(307,112)	(3,113,113)	7,662,480
2027	1,463,483	484,476	287,438	187,729	2,575,125	6,017,163	11,015,413	25,000	(304,830)	(3,075,449)	7,660,134
2028	1,068,563	472,124	288,620		2,683,975	6,532,800	11,046,082	25,000	(305,569)	(3,098,908)	7,666,605
2029	1,065,263	473,815	289,063		2,739,375	6,296,738	10,864,253	25,000	(306,072)	(2,913,510)	7,669,670
2030	925,813	469,575	288,860		1,854,575	5,522,575	9,061,398	25,000	(305,718)	(913,910)	7,866,770
2031	863,200	474,503	287,925		1,626,975	4,887,838	8,140,440	25,000	(304,960)		7,860,480
2032		473,370	291,128		1,786,575	5,532,938	8,084,010	25,000	(308,121)		7,800,889
2033					2,024,990	5,659,138	7,684,128	25,000	-		7,709,128
2034					2,461,685	5,220,075	7,681,760	25,000			7,706,760
2035					3,093,080	4,589,225	7,682,305	25,000			7,707,305
2036					3,715,080	3,935,875	7,650,955	25,000			7,675,955
2037					3,711,165	3,295,813	7,006,978	25,000			7,031,978
2038						2,639,738	2,639,738	25,000			2,664,738
2039						1,959,050	1,959,050	25,000			1,984,050
2040						1,304,450	1,304,450	25,000			1,329,450
2041						651,200	651,200	25,000			676,200
<b>Total</b>	<b>\$71,890,977</b>	<b>\$7,009,190</b>	<b>\$4,327,415</b>	<b>\$2,475,485</b>	<b>\$50,857,577</b>	<b>\$87,683,975</b>	<b>\$224,244,618</b>	<b>\$625,000</b>	<b>(\$4,579,044)</b>	<b>(\$53,775,698)</b>	<b>\$166,514,876</b>

Note: debt service for the 2017 Issues or estimates.

**Assumptions:**

(1) 2017 La Crosse Center Bonds are in the projected par amount of \$35M.

(2) 2018-2026 CIP Bonds are Par of \$7.5M, 15 Year Term at a rate of 3.50%.

(3) Non-levy revenue include (a) the portion of the 2017-A Bonds to be paid from water revenues (3.59%) and (b) the 2017-B Bonds payable from airport revenues.

(4) Provided by the City.