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## MEMORANDUM

**TO:** The Village of Allouez Village President and Board of Trustees  
Tracy Flucke, Village Administrator  
Craig Berndt, Director of Public Works  
Clara Pickett, Finance Director  
Debbie Baenen, City Clerk

**FROM:** Joseph Murray, CIPFA  
Vice President

**DATE:** February 28, 2014

**SUBJECT:** **Series 2014A General Obligation Street Improvement Bonds**

On behalf of Springsted incorporated, I would like to thank the Board for selecting Springsted to serve as the Village's financial advisor on the Series 2014A General Obligation Street Improvement Bonds. We look forward to this opportunity to demonstrate our expertise and quality service to the Village throughout the entire process.

Working with Village staff we have worked to develop a financing plan to finance the Village's 2014 street and utility reconstruction needs. The Village has identified the need for approximately \$3,900,000 to finance street improvements, as well as the associated water, sanitary sewer and stormwater utility improvements along the identified road segments. The Village seeks to finance these improvements over a twenty year period to minimize the tax levy and utility rate impacts, as well as to have the term better coincide with the useful life of the improvements. Also, the Village seeks to attain the lowest interest rates possible through the issuance of General Obligation debt which will be secured by property tax revenue, but a proportionate share of the property tax levy will be abated through payments made by the utilities for their share of the improvements. The Village also seeks to maintain capacity for future debt issuance in 2-3 years to finance future street and other capital improvements.

Attached you will find the preliminary schedules for the Village's Series 2014A General Obligation Street Improvement Bonds in the amount of \$4,000,000. The \$4,000,000 provides \$3,916,725 in project funds for construction, as well as financing the associated cost of issuance. The Bonds have been structured to provide level debt service over a 20-year term with the first debt service payments beginning April 1, 2015 through April 1, 2034. The Bonds are projected to have a True Interest Cost of 3.63%.

As noted earlier, repayment of the Bonds will be allocated between the street improvements to be paid with property taxes and the proportionate share charged back to the associated utilities. Attached you will find a breakdown of the annual debt service allocation to be charged back to each source.

As the Village is aware, the Village purchases its water and is a member of the Central Brown County Water Authority (CBCWA). As a member of the Authority, any debt issued by the Authority is proportionately allocated back to the members. This includes the member communities' ability to issue Bank Qualified (BQ) tax-exempt debt. BQ tax-exempt debt is debt that a bank may purchase to also attain some tax-exempt benefits. Without BQ status the banks would have to pay taxes on the interest earnings and thus making them less attractive for banks to purchase as an investor. Reducing the number of interested investors (supply) thus increases the required interest rates to attract investors (demand). The impact of having BQ status can be significant. Based on the 20-year term of the Village's financing plan, the loss of BQ status will increase interest rates by approximately 50 basis points (bps) or 0.50%.

At the present time, the CBCWA is seriously considering refunding its Series 2005 Bonds in excess of \$100,000,000. The Village of Allouez's allocation of the CBCWA bonds is approximately 22% based on its annual minimum water purchase. Should the Authority issue more than approximately \$45,500,000 on a tax exempt basis the Village will exceed its BQ limit. Based on the reasonable belief that the Authority will refund some or all of the Series 2005 Bonds this year, the Village must issue the Series 2014A Bonds on a Non-BQ basis. The interest rates projected in the attached schedules are on a Non-BQ basis.

Based on the Village's bidding cycle and anticipated construction timing, the financing plans are based on conducting a sale on May 6<sup>th</sup>. This will provide the Village with the bond proceeds to pay construction costs beginning in June. Attached you will find the issuance schedule of events from start to finish, identifying key milestones.

The issuance process begins with the adoption of an initial resolution indicating the purpose and maximum amount of the bonds to be issued. On the Board's March 4<sup>th</sup> agenda it will consider adopting two (2) resolutions prepared by Bond Counsel. The first resolution identifies that the Village will issue not-more-than \$4,000,000 for street improvement projects and authorizes staff to proceed with the issuance process. The second resolution is a simplified version of the resolution that can be published, as required by Statute.

I look forward to working with the Village on this project and will be in attendance at the March 4<sup>th</sup> Board meeting to present the preliminary schedules and answer any questions that the Board may have. If you have any questions before or outside of the meeting, please feel free to contact me at 414.220.4257 or [jmurray@springsted.com](mailto:jmurray@springsted.com).

Attachments (3)

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**\$4,000,000**

Village of Allouez, Wisconsin  
General Obligation Bonds, Series 2014A

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**Sources & Uses**

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**Dated 05/15/2014 | Delivered 05/15/2014**

**Sources Of Funds**

Par Amount of Bonds..... \$4,000,000.00

**Total Sources..... \$4,000,000.00**

**Uses Of Funds**

Deposit to Project Fund..... 3,916,725.00

Total Underwriter's Discount (1.200%)..... 48,000.00

Costs of Issuance..... 35,275.00

**Total Uses..... \$4,000,000.00**

**\$4,000,000**

**Village of Allouez, Wisconsin  
General Obligation Bonds, Series 2014A**

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/15/2014	-	-	-	-	-
04/01/2015	115,000.00	0.550%	105,732.72	220,732.72	-
10/01/2015	-	-	59,911.25	59,911.25	280,643.97
04/01/2016	160,000.00	0.700%	59,911.25	219,911.25	-
10/01/2016	-	-	59,351.25	59,351.25	279,262.50
04/01/2017	165,000.00	0.900%	59,351.25	224,351.25	-
10/01/2017	-	-	58,608.75	58,608.75	282,960.00
04/01/2018	165,000.00	1.200%	58,608.75	223,608.75	-
10/01/2018	-	-	57,618.75	57,618.75	281,227.50
04/01/2019	170,000.00	1.600%	57,618.75	227,618.75	-
10/01/2019	-	-	56,258.75	56,258.75	283,877.50
04/01/2020	170,000.00	2.000%	56,258.75	226,258.75	-
10/01/2020	-	-	54,558.75	54,558.75	280,817.50
04/01/2021	175,000.00	2.350%	54,558.75	229,558.75	-
10/01/2021	-	-	52,502.50	52,502.50	282,061.25
04/01/2022	180,000.00	2.700%	52,502.50	232,502.50	-
10/01/2022	-	-	50,072.50	50,072.50	282,575.00
04/01/2023	185,000.00	2.900%	50,072.50	235,072.50	-
10/01/2023	-	-	47,390.00	47,390.00	282,462.50
04/01/2024	190,000.00	3.050%	47,390.00	237,390.00	-
10/01/2024	-	-	44,492.50	44,492.50	281,882.50
04/01/2025	195,000.00	3.250%	44,492.50	239,492.50	-
10/01/2025	-	-	41,323.75	41,323.75	280,816.25
04/01/2026	205,000.00	3.400%	41,323.75	246,323.75	-
10/01/2026	-	-	37,838.75	37,838.75	284,162.50
04/01/2027	210,000.00	3.550%	37,838.75	247,838.75	-
10/01/2027	-	-	34,111.25	34,111.25	281,950.00
04/01/2028	215,000.00	3.700%	34,111.25	249,111.25	-
10/01/2028	-	-	30,133.75	30,133.75	279,245.00
04/01/2029	225,000.00	3.800%	30,133.75	255,133.75	-
10/01/2029	-	-	25,858.75	25,858.75	280,992.50
04/01/2030	235,000.00	3.900%	25,858.75	260,858.75	-
10/01/2030	-	-	21,276.25	21,276.25	282,135.00
04/01/2031	245,000.00	3.950%	21,276.25	266,276.25	-
10/01/2031	-	-	16,437.50	16,437.50	282,713.75
04/01/2032	255,000.00	4.050%	16,437.50	271,437.50	-
10/01/2032	-	-	11,273.75	11,273.75	282,711.25
04/01/2033	265,000.00	4.150%	11,273.75	276,273.75	-
10/01/2033	-	-	5,775.00	5,775.00	282,048.75
04/01/2034	275,000.00	4.200%	5,775.00	280,775.00	-
10/01/2034	-	-	-	-	280,775.00
Total	\$4,000,000.00	-	\$1,635,320.22	\$5,635,320.22	-

**SIGNIFICANT DATES**

Dated Date..... 5/15/2014  
Delivery Date..... 5/15/2014  
First Coupon Date..... 4/01/2015

**Yield Statistics**

Bond Year Dollars..... \$45,971.11  
Average Life..... 11.493 Years  
Average Coupon..... 3.5572780%  
Net Interest Cost (NIC)..... 3.6616914%  
True Interest Cost (TIC)..... 3.6316491%  
Bond Yield for Arbitrage Purposes..... 3.4994571%  
All Inclusive Cost (AIC)..... 3.7302655%

**IRS Form 8038**

Net Interest Cost..... 3.5572780%  
Weighted Average Maturity..... 11.493 Years

2014 GO Bonds \$4M | SINGLE PURPOSE | 2/27/2014 | 12:30 PM





**Village of Allouez, Wisconsin**  
**Series 2014A GO Street Improvement Bonds Debt Service Allocation**  
**27-Feb-14**

**\$4,000,000 Series 2014A GO Street Improvement Bonds Debt Service**

Fiscal Year	Debt Service	Streets-GO	Water Utility	Sanitary Sewer Utility	Stormwater Utility	TOTAL
2015	\$ 280,643.97	\$ 148,219.35	\$ 44,081.70	\$ 68,295.33	\$ 20,047.59	\$ 280,643.97
2016	\$ 279,262.50	\$ 147,489.74	\$ 43,864.71	\$ 67,959.15	\$ 19,948.91	\$ 279,262.50
2017	\$ 282,960.00	\$ 149,442.54	\$ 44,445.49	\$ 68,858.94	\$ 20,213.03	\$ 282,960.00
2018	\$ 281,227.50	\$ 148,527.54	\$ 44,173.36	\$ 68,437.33	\$ 20,089.27	\$ 281,227.50
2019	\$ 283,877.50	\$ 149,927.11	\$ 44,589.60	\$ 69,082.22	\$ 20,278.57	\$ 283,877.50
2020	\$ 280,817.50	\$ 148,311.00	\$ 44,108.96	\$ 68,337.56	\$ 20,059.99	\$ 280,817.50
2021	\$ 282,061.25	\$ 148,967.87	\$ 44,304.32	\$ 68,640.23	\$ 20,148.83	\$ 282,061.25
2022	\$ 282,575.00	\$ 149,239.21	\$ 44,385.01	\$ 68,765.25	\$ 20,185.53	\$ 282,575.00
2023	\$ 282,462.50	\$ 149,179.79	\$ 44,367.34	\$ 68,737.87	\$ 20,177.50	\$ 282,462.50
2024	\$ 281,882.50	\$ 148,873.47	\$ 44,276.24	\$ 68,596.73	\$ 20,136.06	\$ 281,882.50
2025	\$ 280,816.25	\$ 148,310.34	\$ 44,108.76	\$ 68,337.25	\$ 20,059.90	\$ 280,816.25
2026	\$ 284,162.50	\$ 150,077.63	\$ 44,634.37	\$ 69,151.57	\$ 20,298.93	\$ 284,162.50
2027	\$ 281,950.00	\$ 148,909.12	\$ 44,286.84	\$ 68,613.15	\$ 20,140.89	\$ 281,950.00
2028	\$ 279,245.00	\$ 147,480.50	\$ 43,861.96	\$ 67,954.89	\$ 19,947.66	\$ 279,245.00
2029	\$ 280,992.50	\$ 148,403.42	\$ 44,136.44	\$ 68,380.15	\$ 20,072.49	\$ 280,992.50
2030	\$ 282,135.00	\$ 149,006.82	\$ 44,315.90	\$ 68,658.17	\$ 20,154.10	\$ 282,135.00
2031	\$ 282,713.75	\$ 149,312.49	\$ 44,406.81	\$ 68,799.02	\$ 20,195.44	\$ 282,713.75
2032	\$ 282,711.25	\$ 149,311.17	\$ 44,406.41	\$ 68,798.41	\$ 20,195.26	\$ 282,711.25
2033	\$ 282,048.75	\$ 148,961.27	\$ 44,302.35	\$ 68,637.19	\$ 20,147.94	\$ 282,048.75
2034	\$ 280,775.00	\$ 148,288.55	\$ 44,102.28	\$ 68,327.22	\$ 20,056.95	\$ 280,775.00
<b>TOTAL</b>	<b>\$ 5,635,320.22</b>	<b>\$ 2,976,238.94</b>	<b>\$ 885,158.82</b>	<b>\$ 1,371,367.61</b>	<b>\$ 402,554.84</b>	<b>\$ 5,635,320.22</b>
	<b>% Allocation</b>	<b>52.8%</b>	<b>15.7%</b>	<b>24.3%</b>	<b>7.1%</b>	<b>100%</b>



## Village of Allouez, Wisconsin General Obligation Bonds, Series 2014A

March 2014							April 2014							May 2014						
S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S
						1			1	2	3	4	5					1	2	3
2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31
30	31																			

  

June 2014							July 2014							August 2014						
S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S
1	2	3	4	5	6	7			1	2	3	4	5						1	2
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
29	30						27	28	29	30	31			24	25	26	27	28	29	30
														31						

Schedule of Events		
Date	Event	Responsible Party
February 21, 2014	Initial Resolution delivered to Village Staff.	Quarles & Brady
March 4, 2014	Village Board considers and adopts Initial Resolution for the Bond Sale.	Village Board
March 4, 2014	Request for Official Statement Information sent to Village Staff.	Springsted
March 6, 2014	Finalize Bond structure and prepare Official Terms of Offering.	Springsted
March 12, 2014	Sale Recommendations delivered to Village.	Springsted
March 25, 2014	Information forwarded to Springsted for preparation of the Preliminary Official Statement.	Village Staff
April 8, 2014	Rough draft of Preliminary Official Statement sent out to Village Staff and Quarles & Brady for review.	Springsted
April 14, 2014	Final comments to Springsted on Preliminary Official Statement draft (no later than noon).	Village Staff Quarles & Brady

Schedule of Events		
Date	Event	Responsible Party
April 15, 2014	Posting of Official Statement and application for rating forwarded to rating agency.	Springsted
Week of April 28, 2014	Rating conference and receipt of rating.	Moody's Village Staff Springsted
April 29, 2014	Form of Award Resolution delivered to the Village.	Quarles & Brady
May 6, 2014	Sale and consideration and award of the Bonds by Village Board.	Village Board Springsted
May 13, 2014	Distribution of Final Official Statement.	Springsted
Early June, 2014	Settlement of the Bonds; receipt of Bond proceeds.	Village Staff Quarles & Brady Springsted

## DISTRIBUTION LIST

February 27, 2014

### Village of Allouez, Wisconsin General Obligation Bonds, Series 2014A

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