

**STANDARD
& POOR'S**

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Chicago, IL 60601
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reference no.: 40150976

December 20, 2010

Village of Howard
2456 Glendale Avenue
Green Bay, WI 54307
Attention: Mr. Christopher Haltom, Finance Director/Treasurer

Re: *Howard Village, Wisconsin, General Obligation Promissory Notes*

Dear Mr. Haltom:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have affirmed the "AA" rating and stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Mr. Christopher Haltom

Page 2

December 20, 2010

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

If you have any questions, or if we can be of help in any other way, please feel free to call or contact us at nypublicfinance@standardandpoors.com. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. We appreciate the opportunity to work with you and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

Standard & Poor's (sgn)

cf
enclosure

Howard Vill, Wisconsin

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**RatingsDirect
Publication Date**

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Credit Profile

Howard Vill GO prom nts

Long Term Rating	AA/Stable	Affirmed
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Rationale

Standard & Poor's Ratings Services affirmed its 'AA' long-term rating on Howard, Wis.' general obligation (GO) promissory notes. The outlook is stable.

The rating reflects our assessment of the village's:

- Participation in the diverse economy of the Green Bay, Wis. metropolitan area;
- Good income levels with very strong market value per capita;
- Strong financial performance coupled with tax flexibility; and
- Moderate debt burden combined with rapid amortization.

Howard, with a population of 16,140, is adjacent to Green Bay in Brown County. Although the village has several large local employers and hosts a diverse employment base, most residents commute to areas within and around Green Bay. Leading employers within the village include United Health Care (1,900 employees), Howard-Suamico School District (583), and Fanimax Corp. (250). Although some local employers have downsized since the economic downturn in 2007, other employers, such as United Health Care, have been expanding. The average unemployment rate for Brown County as of October 2010 was 6.5%, below the state's 7% and nation's 9.6%. Median household effective buying income is good, in our view, at 113% and 107% of the state and national averages, respectively.

Residential and commercial development has slowed since 2007; however, total construction value increased to \$22.3 million in 2010 compared with \$12.8 million in 2009. The district has seen an increase in foreclosures, but assessed and equalized values have remained relatively stable. Assessed value has increased an average of 1.3% annually since 2008 to \$1.4 billion in 2010. Market value per capita in 2010 was very strong, in our view, at \$85,596.

Historically, Howard has maintained very strong general fund reserves. In 2009, the village had a surplus of \$55,766, increasing the general fund balance to \$2.6 million, or what we consider a very strong 42.3% of expenditures. The village expects a small surplus to end 2010. For 2011, the village has budgeted for a \$100,000 draw on general fund reserves: \$40,000 for one-time capital improvement plan expenditures and \$60,000 for an anticipated drop in investment income. The village has made staffing adjustments and other expenditure reductions for 2011. Given that the district's general fund balance is currently above its target of 40% of expenditures, the district has chosen not to increase its tax levy to offset the projected 2011 draws. The village plans to levy \$300,000 below its maximum levy limit in 2011. Approximately 50.5% of general fund revenues came from taxes in 2009.

Standard & Poor's considers Howard's financial management practices "good" under its Financial Management Assessment, indicating that the village maintains financial management policies in most areas, although not all may be formalized or regularly monitored by government officials. Highlights of these policies include consistent review of revenue and expenditure assumptions, management's consistent reporting of budgetary performance to elected officials, and a formal capital improvement plan that extends out at least five years and is updated annually. The village's investment policy mirrors state law, and management reports investment holding and earnings to the council on an annual basis. In 2009, the village revised its reserve policy to state that general fund reserves should be at 25%-40% of expenditures. General fund reserves have been at or near 40% since 2007. Excess reserves in 2007 were transferred to a capital project fund.

The village's overall net debt burden is moderate at 3.1% of market value and \$2,216 per capita. Debt service as a percentage of expenditures less capital outlays was high at 28% in 2009, in part reflecting a very rapid amortization schedule with 91% of all debt to be retired in 10 years. The district has no unfunded other postemployment benefit liability. Most village debt is tied to village tax incremental financing (TIF) districts. Though the district has no formal future debt plans at this time, management is exploring the possibilities of refinancing existing debt and borrowing for a TIF project.

Outlook

The stable outlook reflects Standard & Poor's expectation that Howard will maintain very strong general fund reserves. The village's participation in the diverse Green Bay area economy supports the outlook. Within the two-year time frame of the outlook, we do not expect to raise or lower the rating given the strength of the village's fund balances and stable local economy.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Key General Obligation Ratio Credit Ranges – Analysis Vs. Reality, April 2, 2008

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