

FINANCE COMMITTEE
September 22, 2011

Call to Order. Chair Mawhinney called the meeting of the Finance Committee to order at 5:30 P.M. on Thursday, September 22, 2011, in Jury Deliberation Room Rock County Courthouse East.

Committee Members Present. Supervisors Mawhinney, Kraft, Podzilni, and Diestler.

Committee Members Excused: Supervisor Beaver.

Staff Members Present. Jeff Smith, Finance Director; Craig Knutson, County Administrator; Jeff Kuglitsch, Corporation Counsel; Randy Terronez and Nick Osborne, Assistants to County Administrator; Sherry Oja, Senior Accountant/Assistant to the Finance Director; Joyce Lubben, Director of Elderly Programs; Sue Zastoupil, Human Resources Secretary.

Others Present: Supervisor Terry Thomas; Carol Wirth and Brandon Wirth, Wisconsin Public Finance Professionals, LLC.

Approval of Agenda. Supervisor Diestler moved approval of the amended agenda as presented, second by Supervisor Podzilni. ADOPTED.

Citizen Participation, Communications and Announcements. Mr. Smith handed out the report on sales tax through September 2011 and gave a brief report.

Transfers and Appropriations.

Council on Aging

FROM

| <u>Account #</u> | <u>Amount</u> |
|--------------------|---------------|
| 19-1922-0000-64904 | \$10,000 |
| Contingency Fund | |

TO

| <u>Account #</u> | <u>Amount</u> |
|--------------------|---------------|
| 30-3904-0000-62105 | \$10,000 |
| Contracted Food | |

Supervisor Kraft moved approval of the above transfer for the Finance Committee, second by Supervisor Diestler.

Chair Mawhinney said Supervisor Thomas requested the transfer be lowered to \$3,000.

Supervisor Kraft moved approval of changing the above Transfer to \$3,000, second by Supervisor Diestler.

Supervisor Thomas explained that the Council on Aging has been serving more meals this year than they had anticipated and they presently have three people on a waiting list because there are not enough funds. He added that they had time since the Education, Veterans and Aging Services Committee met to pull the numbers together and they tried to come up with as close a number as possible and they feel the \$3,000 is more appropriate.

The amendment to the transfer was ADOPTED.

The transfer was ADOPTED.

Resolution.

Authorizing the Issuance and Awarding the Sale of \$4,500,000 General Obligation Promissory Notes, Series 2011A; Providing the Form of the Notes; and Levying a Tax in Connection Therewith.

“NOW, THEREFORE, BE IT RESOLVED by the County Board of the County that:

Section 1, Authorization of Notes. For the purpose of paying the cost of the Project there shall be borrowed pursuant to Chapter 67 of the Wisconsin Statutes, the principal sum of FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000) from Stern Brothers & Co., Kansas City, Missouri (the “Purchaser”), in accordance with the terms and conditions of its purchase proposal attached hereto as Exhibit A and incorporated herein by this reference.

Section 2, Sale of the Notes. To evidence such indebtedness, the County Board Chairperson and County Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to the Purchaser for and on behalf of and in the name of the County, general obligation promissory notes aggregating the principal amount of FOUR MILLION FIVE HUNDRED ONE THOUSAND FIVE HUNDRED NINE DOLLARS AND FIFTY CENTS (\$4,501,509.50), plus accrued interest to the date of delivery.

Section 3, Terms of the Notes. The Notes shall be designated “General Obligation Promissory Notes, Series 2011A”; shall be dated October 4, 2011; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered 1 and upward; and shall mature serially on September 1 of each year, in the years and principal amounts as follows:

| <u>Years of Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|--------------------------|-------------------------|----------------------|
| 2012 | \$175,000 | 2.000% |
| 2013 | 175,000 | 2.000 |
| 2014 | 450,000 | 2.000 |
| 2015 | 450,000 | 2.000 |
| 2016 | 550,000 | 2.000 |
| 2017 | 625,000 | 2.250 |
| 2018 | 675,000 | 2.250 |
| 2019 | 700,000 | 2.350 |
| 2020 | 700,000 | 2.500 |

Interest is payable commencing on March 1, 2012 and semi-annually thereafter on September 1 and March 1 of each year.

Section 4. Designation of Purchaser as Agent. The County hereby designates the Purchaser as its agent for purposes of distributing the Final Official Statement relating to the Notes to any participating underwriter in compliance with Rule 15c2-12 of the Securities and Exchange Commission.

Section 5. Redemption Provisions. At the option of the County, the Notes maturing on September 1, 2019 and thereafter are subject to redemption prior to maturity on September 1, 2018 or on any date thereafter. Said Notes are redeemable as a whole or in part, in inverse order of maturity and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Section 6. Form of the Notes. The Notes shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit B and incorporated herein by this reference.

Section 7. Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Notes as the same becomes due, the full faith, credit and resources of the County are hereby irrevocably pledged and a direct annual irrepealable tax is hereby levied upon all taxable property of the County. Said direct annual irrepealable tax shall be levied in the years and amounts as follows:

| <u>Levy Year</u> | <u>Amount</u> | <u>Levy Year</u> | <u>Amount</u> |
|------------------|---------------|------------------|---------------|
| 2011 | \$265,106.67 | 2016 | \$688,200.00 |
| 2012 | 270,700.00 | 2017 | 724,137.50 |
| 2013 | 542,200.00 | 2018 | 733,950.00 |
| 2014 | 533,200.00 | 2019 | 717,500.00 |
| 2015 | 624,200.00 | | |

The aforesaid direct annual irrepealable tax hereby levied shall be collected in addition to all other taxes and in the same manner and at the same time as other taxes of the County levied in said years are collected. So long as any part of the principal or interest on the Notes remains unpaid, the tax herein above levied shall be and continues irrepealable except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus in the Debt Service Fund Account created herein.

Section 8. Debt Service Fund Account. There is hereby established in the County treasury a fund account separate and distinct from every other County fund or account designated "Debt Service Fund Account for \$4,500,000 General Obligation Promissory Notes, Series 2011A, dated October 4, 2011." There shall be deposited in said fund account any premium plus accrued interest paid on the Notes at the time of delivery to the Purchaser, all money raised by taxation pursuant to Section 7 hereof and all other sums as may be necessary to pay interest on the Notes when the same shall become due and to retire the Notes at their respective maturity dates. Said fund account shall be used for the sole purpose of paying the principal of and interest on the Notes and shall be maintained for such purpose until such indebtedness is fully paid or otherwise extinguished.

Section 9. Segregated Borrowed Money Fund. The proceeds of the Notes (the "Note Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Notes into the Debt Service Fund Account created above) shall be deposited into an account separate and distinct from all other funds and be disbursed solely for the purposes for which borrowed or for the payment for the principal of and the interest on the Notes.

Section 10. Arbitrage Covenant. The County shall not take any action with respect to the Note Proceeds which, if such action had been reasonable expected to have been taken, or had been deliberately and intentionally taken on the date of the delivery of and payment for the Notes (the "Closing"), would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and any income tax regulations promulgated thereunder (the "Regulations").

The Note Proceeds may be temporarily invested in legal investments until needed, provided however, that the County hereby covenants and agrees that so long as the Notes remain outstanding, moneys on deposit in any fund or account created or maintained in connection with the Notes, whether such moneys were derived from the Note Proceeds or from any other source, will not be used or invested in a manner which would cause the Notes to be "arbitrage bonds" within the meaning of the Code or Regulations.

The County Clerk, or other officer of the County charged with responsibility for issuing the Notes, shall provide an appropriate certificate of the County, for inclusion in the transcript of proceedings, setting forth the reasonable expectations of the County regarding the amount and use of the Note Proceeds and the facts and estimates on which such expectations are based, all as of the Closing.

Section 11. Additional Tax Covenants; Exemption from Rebate. The County hereby further covenants and agrees that it will take all necessary steps and perform all obligations required by the Code and Regulations (whether prior to or subsequent to the issuance of the Notes) to assure that the Notes are obligations described in Section 103(a) of the Code, the interest on which is excluded from gross income for federal income tax purposes, throughout their term. The County Clerk or other officer of the County charged with the responsibility of issuing the Notes, shall provide an appropriate certificate of the County as of the Closing, for inclusion in the transcript of proceedings, certifying that it can and covenanting that it will comply with the provisions of the Code and Regulations.

Further, it is the intent of the County to take all reasonable and lawful actions to comply with any new tax laws enacted so that the Notes will continue to be obligations described in Section 103(a) of the Code, the interest on which is excluded from gross income for federal income tax purposes.

The County anticipates that the Notes will qualify for the eighteen month expenditure exemption from the rebate requirements of the Code. The County Clerk or other officer of the County charged with the responsibility of issuing the Notes,

shall provide an appropriate certificate of the County as of the Closing, for inclusion in the transcript of proceedings, with respect to said exemption from the rebate requirements, and said County Clerk or other officer is hereby authorized to make any election on behalf of the County in order to comply with the rebate requirements of the Code. If, for any reason, the County did not qualify for any exemption from the rebate requirements of the Code, the County covenants that it would take all necessary steps to comply with such requirements.

Section 12. Persons Treated as Owners; Transfer of Notes. The County Clerk shall keep books for the registration and for the transfer of the Notes. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Note shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note at the office of the County Clerk, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the County Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the County Clerk shall record the name of each transferee in the registration book. No registration shall be made to bearer. The County Clerk shall cancel any Note surrendered for transfer.

The County shall cooperate in any such transfer, and the County Board Chairperson and County Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

The 15th day of each calendar month next preceding each interest payment date shall be the record date for the Notes. Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the County maintained by the County Clerk at the close of business on the corresponding record date.

Section 13. Utilization of the Depository Trust Company Book-Entry-Only-System. In order to make the Notes eligible for the services provided by the Depository Trust Company, New York, New York (“DTC”), the County has heretofore agreed to the applicable provision set forth in the DTC Blanket Issuer Letter of Representation and the Finance Director has executed such Letter of Representation and delivered it to the DTC on behalf of the County.

Section 14. Execution of the Notes. The Notes shall be issued in typewritten form, one Note for each maturity, executed on behalf of the County by the manual or facsimile signatures of the County Board Chairperson and County Clerk (except that one of the foregoing signature shall be manual), sealed with its official or corporate seal, if any, and delivered to the Purchaser upon payment to the County of the purchase price thereof, plus accrued interest to the date of delivery. In the event that

either of the officers whose signatures appear on the Notes shall cease to be such officers before the delivery of the Notes, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until such delivery. The aforesaid officers are hereby authorized to do all acts and execute and deliver all documents as may be necessary and convenient to effectuate the Closing.

Section 15. Payment of the Notes. The principal of and interest on the Notes shall be paid by the County Treasurer or his or her agent in lawful money of the United States.

Section 16. Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of its Continuing Disclosure Certificate, which the County will execute and deliver on the Closing Date. Any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Section.

Section 17. Financial Advisory Services. The Financial Advisory Services Agreement with Wisconsin Public Finance Professionals, LLC attached hereto as Exhibit C is hereby approved and the County officers indicated as signatories to the agreement are hereby authorized to execute the same.

Section 18. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the County or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted this 22nd day of September, 2011.”

Ms. Wirth went over the Summary of Sale Results, Preliminary Official Statement, Debt Service Schedule, Pricing Summary, Standard & Poor’s Rating Summary and Moody’s Rating Summary. She pointed out that Moody’s gave Rock County an “Aa1” rating and Standard and Poor’s gave Rock County an “AA” rating.

Supervisor Kraft moved approval of the above resolution, second by Supervisor Podzilni.
ADOPTED.

Discussion and Consideration of Financing Options for Rock Haven Capital Building Project.

Mr. Smith said he had asked Ms. Wirth to look at various options in financing the Rock Haven Replacement Facility Project.

Ms. Wirth handed out three scenarios: 1) \$14.65 Million in 2011 and in 2012; 2) \$19.3 Million in 2011 and \$10 Million in 2012; and 3) \$22 Million in 2011 and \$7.3 Million in 2012.

The Committee requested Ms. Wirth do a fourth scenario of the entire \$29.3 Million in 2011.

The Committee and Ms. Wirth all agreed to meet on October 4th at 7:30 AM to discuss and consider the four scenarios.

Adjournment. Supervisor Podzilni moved adjournment at 6:07 P.M., second by Supervisor Diestler. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEE.