

ADDENDUM

Eau Claire County Board of Supervisors
Tuesday, July 19, 2016 / 7 pm

Location:
Courthouse, County Boardroom (Room 1277)
721 Oxford Ave. Eau Claire, WI

Eau Claire County Mission Statement:

"To provide quality, innovative and cost-effective services that safeguard and enhance the well-being of residents and resources"

6. REPORTS TO THE COUNTY BOARD UNDER 2.04.320

Oral Reports

Sean Lentz or Brian Reilly, Municipal Advisors from Ehlers will be present to answer questions and provide additional information on both the new borrowing and proposed refunding

10. REPORTS OF STANDING COMMITTEES, COMMITTEES, COMMISSIONS AND BOARDS UNDER 2.04.160 AND SECOND READING OF ORDINANCES

File No.

Committee on Finance & Budget

16-17/033 (1)

Resolution Providing for the Sale of Not to Exceed \$15,000,000 General Obligation Refunding Bonds, Series 2016B (**Committee will meet prior to the county board meeting to review resolution and materials**).

PLEASE NOTE: Upon reasonable notice, efforts will be made to accommodate the needs of individuals with disabilities through sign language, interpreters or other auxiliary aids. For additional information or to request the service, contact the County ADA Coordinator at 839-4710, (FAX) 839-1669 or 839-4735, tty: use Relay (711) or by writing to the ADA Coordinator, Human Resources, Eau Claire County Courthouse, 721 Oxford Avenue, Eau Claire, WI 54703.

Fact Sheet for Resolution 16-17/033

As part of Eau Claire County's financial services contract with Ehlers, they monitor opportunities for the county to refund, or refinance, existing debt at lower interest rates. In working on the 2016 debt issuance to fund our approved capital projects, they identified our 2008 issuance of \$25,000,000 General Obligation Building Bonds for potential refunding.

As noted near the top of the first page of Ehlers's Pre-Sale Report on the refunding, the main purpose for this recommendation is:

Interest rates on the obligations proposed to be refunded are 4.00% to 5.00%. The refunding is expected to reduce interest expense by approximately \$183,000 over the next 11 years. The Net Present Value Benefit of the refunding is estimated to be \$1,798,774, equal to 13.06% of the refunded principal.

This analysis is summarized on the final page (Exhibit 1) of the Pre-Sale report. I would also emphasize that the county is not issuing any additional principal nor extending the payment period on the existing debt as part of this refunding. In short, the estimated savings presented would be pure interest savings. Representatives from Ehlers will be present to answer any questions that you may have.

Respectfully submitted,



Scott Rasmussen
Director of Finance

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9 **RESOLUTION PROVIDING FOR THE SALE OF NOT TO EXCEED**
10 **\$15,000,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B**

11 WHEREAS, the Board of the Eau Claire County, Wisconsin, has heretofore determined that it is
12 necessary and expedient to issue the County's \$15,000,000 General Obligation Refunding Bonds,
13 Series 2016B (the "Bonds"), to provide funds to refinance the callable portion of the \$25,000,000
14 General Obligation Building Bonds, Series 2008B in accordance with 67.04 Wisconsin Statutes; and

15 WHEREAS, the County has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as
16 its independent financial advisor;

17 NOW, THEREFORE, BE IT RESOLVED by the Board of Eau Claire County, Wisconsin, as follows:

18
19 Section 1. Authorization; Findings. The County Board hereby authorizes Ehlers to solicit proposals
20 for purchase of the Bonds.

21
22 Section 2. Meeting; Proposal Opening. The County Board shall meet at 7:00 pm on August 16,
23 2016, for the purpose of considering proposals for and awarding sale of the Bonds.

24
25 Section 3. Official Statement. In connection with said sale, the officers or employees of the County
26 are hereby authorized to cooperate with Ehlers and participate in the preparation of an official
27 statement for the Bonds and to execute and deliver it on behalf of the County upon its completion.

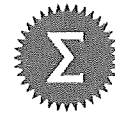
28
29
30 I hereby certify that the foregoing correctly represents the
31 action taken by the undersigned Committee on July 19,
32 2016, by a vote of __ for, __ against.

33
34 _____
35 Chairperson
Committee on Finance and Budget

36 Adopted and recorded July 19, 2016.

37
38 _____
39 Gregg Moore, Chairperson
Eau Claire County Board of Supervisors

40 Attest: _____
41 Janet K. Loomis
42 Eau Claire County Clerk



EHLERS
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July 19, 2016 (DRAFT)

Pre-Sale Report for

Eau Claire County, Wisconsin

\$14,540,000 General Obligation Refunding Bonds,
Series 2016B

Prepared by:

Sean Lentz
Senior Municipal Advisor

And

Brian Reilly
Senior Municipal Advisor



Executive Summary of Proposed Debt

Proposed Issue:	\$14,540,000 General Obligation Refunding Bonds, Series 2016B
Purposes:	<p>The proposed issue includes financing for the following purposes:</p> <p>Effecting an advance partial net cash refunding of the \$25,000,000 General Obligation Building Bonds, Series 2008B</p> <ul style="list-style-type: none"> General Obligation Refunding Bonds, Dated September 7, 2016 - Debt service will be paid from ad valorem property taxes. <p>Interest rates on the obligations proposed to be refunded are 4.00% to 5.00%. The refunding is expected to reduce interest expense by approximately \$183,000 over the next 11 years. The Net Present Value Benefit of the refunding is estimated to be \$1,798,774, equal to 13.06% of the refunded principal.</p> <p>This refunding is considered an Advance Refunding as the new Bonds will be issued more than 90 days prior to the call date of the obligations being refunded.</p>
Authority:	<p>The Bonds are being issued pursuant to Wisconsin Statute:</p> <ul style="list-style-type: none"> 67.04 <p>The Bonds will be general obligations of the County for which its full faith, credit and taxing powers are pledged.</p> <p>The Bonds count against the County's General Obligation Debt Capacity Limit of 5% of total County Equalized Valuation. Following issuance of the Bonds, the County's total General Obligation debt principal outstanding will be \$83,050,396, which is 22% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$291,946,699.</p>
Term/Call Feature:	<p>The Bonds are being issued for an 11 year term. Principal on the Bonds will be due on September 1 in the years 2017 through 2027. Interest is payable every six months beginning September 1, 2017.</p> <p>The Bonds maturing on and after September 1, 2024 will be subject to prepayment at the discretion of the County on September 1, 2023 or any date thereafter.</p>
Bank Qualification:	<p>Because the County is issuing, or expects to issue, more than \$10,000,000 in tax-exempt obligations during the calendar year, the County will be not able to designate the Bonds as "bank qualified" obligations.</p>
Rating:	<p>The County's most recent bond issues were rated "Aa1" by Moody's Investors Service. The County will request a new rating for the Bonds.</p>



	<p>If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the County's bond rating in the event that the bond rating of the insurer is higher than that of the County.</p>
<p>Basis for Recommendation:</p>	<p>Based on our knowledge of your situation, your objectives communicated to us, our advisory relationship as well as characteristics of various municipal financing options, we are recommending the issuance of Bonds based on:</p> <ul style="list-style-type: none"> • The expectation this form of financing will provide the overall lowest cost of funds while also meeting the County's objectives for term, structure and optional redemption. • The existing General Obligation pledge securing the 2008B Bonds to be refunded.
<p>Method of Sale/Placement:</p>	<p>In order to obtain the lowest interest cost to the County, we will competitively bid the purchase of the Bonds from local and national underwriters/banks.</p> <p>We have included an allowance for discount bidding equal to 0.70000% of the principal amount of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.</p> <p>If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to lower your borrowing amount.</p> <p>Premium Bids: Under current market conditions, most investors in municipal bonds prefer "premium" pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered "reoffering premium."</p> <p>The amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.00% to 10.00% of the face amount of the issue. This means that an issuer with a \$2,000,000 offering may receive bids that result in proceeds of \$2,040,000 to \$2,200,000.</p> <p>For this issue of Bonds, any premium amount received will be used to reduce the issue size. These adjustments may slightly change the true interest cost of the original bid, either up or down.</p> <p>The amount of premium allowed can be restricted in the bid specifications. Restrictions on premium may result in fewer bids, but may also eliminate large adjustments on the day of sale and unintended results with respect to debt service payment impacts. Ehlers will identify appropriate premium restrictions for the Bonds intended to achieve the County's objectives for this financing.</p>



Other Considerations:	The Bonds will be offered with the option of the successful bidder utilizing a term bond structure. By offering underwriters the option to “term up” some of the maturities at the time of the sale, it gives them more flexibility in finding a market for your Bonds. This makes your issue more marketable, which can result in lower borrowing costs. In the event that the successful bidder utilizes a term bond structure, we recommend the County retain a paying agent to handle responsibility for processing mandatory redemption/call notices associated with term bonds.
Review of Existing Debt:	<p>We have reviewed all outstanding indebtedness for the County and find that, other than the obligations proposed to be refunded by the 2016B Bonds, there are no other refunding opportunities at this time.</p> <p>We will continue to monitor the market and the call dates for the County’s outstanding debt and will alert you to any future refunding opportunities.</p>
Continuing Disclosure:	Because the County has more than \$10,000,000 in outstanding debt (including this issue) and this issue is over \$1,000,000, the County will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The County is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.
Arbitrage Monitoring:	Because the Bonds are tax-exempt obligations/tax credit obligations, the County must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Tax Exemption Certificate prepared by your Bond Attorney and provided at closing. We recommend that you regularly monitor compliance with these rules and/or retain the services of a qualified firm to assist you.
Risk Factors:	<p>Advance Refunding: The Bonds are being issued for the purpose of “advance” refunding prior County debt obligations. Only one advance refunding of an original tax-exempt debt obligation is permitted under current IRS rules. This refunding is being undertaken based in part on the following assumptions:</p> <ul style="list-style-type: none"> • Since the new Bonds will extend the “call” date for this debt, we are assuming that the County does not expect to have revenues available to pre-pay the current obligations prior to this new call date. • That advance refunding will provide an overall lower debt cost as



	compared to waiting to refund the issue until its call date
Other Service Providers:	<p>This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, so their final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.</p> <p>Bond Attorney: Quarles & Brady LLP</p> <p>Paying Agent: To be determined</p> <p>Rating Agency: Moody’s Investors Service</p> <p>CPA Escrow Verification Agent: To be determined</p> <p>Escrow Agent: To be determined</p> <p>Bidding Agent: To be determined</p>

This presale report summarizes our understanding of the County’s objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the County’s objectives.



Proposed Debt Issuance Schedule

Pre-Sale Review by Board of Supervisors:	July 19, 2016
Distribute Official Statement:	By August 4, 2016
Conference with Rating Agency:	Week of August 8, 2016
Board of Supervisors Meeting to Award Sale of the Bonds:	August 16, 2016
Estimated Closing Date:	September 7, 2016
Redemption Date for Bond	September 1, 2017

Attachments

Preliminary Refunding Savings Analysis

Ehlers Contacts

Municipal Advisors:	Sean Lentz	(651) 697-8509
	Brian Reilly	(651) 697-8541
Disclosure Coordinator:	Wendy Lundberg	(651) 697-8540
Financial Analyst:	Beth Mueller	(651) 697-8553

The Official Statement for this financing will be mailed to the Board of Supervisors at their home address or e-mailed for review prior to the sale date.



Exhibit 1

For Discussion Only

Eau Claire County, WI



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Preliminary Refunding Savings Analysis

Year	PRIOR TO THE REFUNDING Existing Debt Service				FOLLOWING THE REFUNDING New Debt Service				DEBT SERVICE SAVINGS
	Principal 9/1	Rate	Interest 3/1 & 9/1	Net Debt Service	Principal 9/1	Rate	Interest 3/1 & 9/1	Net Debt Service	
	General Obligation Building Bonds, Series 2008B Dated: 4/1/2008 \$25,000,000				General Obligation Refunding Bonds, Series 2016A Dated: 9/7/2016 \$14,540,000				
2016	1,100,000	4.00%	692,850	1,792,850	225,000	1.05%	243,365	1,612,365	180,485
2017	1,145,000	4.00%	648,850	1,793,850	1,365,000	1.10%	245,128	1,610,128	183,723
2018	1,190,000	4.25%	603,050	1,793,050	1,380,000	1.25%	230,113	1,610,113	182,938
2019	1,240,000	4.50%	552,475	1,792,475	1,395,000	1.40%	212,863	1,607,863	184,613
2020	1,285,000	4.50%	496,675	1,781,675	1,405,000	1.50%	193,333	1,598,333	183,343
2021	1,330,000	4.50%	438,850	1,768,850	1,415,000	1.60%	172,258	1,587,258	181,593
2022	1,380,000	5.00%	379,000	1,769,000	1,435,000	1.70%	149,618	1,584,618	184,383
2023	1,455,000	5.00%	309,500	1,764,500	1,455,000	1.85%	125,223	1,580,223	184,278
2024	1,510,000	5.00%	236,750	1,746,750	1,465,000	2.05%	98,305	1,563,305	183,445
2025	1,575,000	5.00%	161,250	1,736,250	1,485,000	2.20%	68,273	1,553,273	182,978
2026	1,650,000	5.00%	82,500	1,732,500	1,515,000	2.35%	35,603	1,550,603	181,898
Total	14,870,000		4,601,750	19,471,750	14,540,000		1,774,078	17,458,078	2,013,672

Notes:

- Rates assume current market rates for non-bank qualified Aa1 rated debt plus 25 basis points
- Advance refunding

Plus Rounding: 2,307

Total Cash Flow (Future Value) Savings: 2,015,979
Present Value Savings of 13.063%: 1,798,774

Sources		Uses	
Par Amount of Bonds:	14,540,000	Underwriter's Discount:	101,780
		Costs of Issuance:	86,000
		Deposit to Net Cash Escrow Fund:	14,347,913
		Rounding Amount:	2,307
Total:	14,540,000		14,540,000

Rate Summary
True Interest Cost: 1.987%
All-Inclusive Cost: 2.089%