

ADDENDUM

Eau Claire County Board of Supervisors

Tuesday, April 21, 2020 at 7 pm

Remote Meeting via Webex Events

*For those wishing to make public comment, you must fill out your information on the following link and click "done" **at least 30 minutes prior to the start of the meeting**. You will be called on during the public session to make your comments. Comments are limited to 3 minutes. Link:*

<https://www.surveymonkey.com/r/NR9QL5V>. Written comments will also be accepted and should be submitted to samantha.cole@co.eau-claire.wi.us.

Public Access:

Dial In Number: 1-415-655-0001

Access Code: 920-912-999

****mute your personal device upon entry***

9. REPORTS TO THE COUNTY BOARD UNDER 2.04.320

Oral Reports

- Sean Lentz, Senior Municipal Advisor – Ehlers Inc. RE: Resolution 20-21/010 (includes updated pre-sale report)
- Attachment for Annual County Administrator Message from Kathryn Schauf, County Administrator

April 21, 2020

Pre-Sale Report for

Eau Claire County, Wisconsin

\$18,945,000 General Obligation Promissory Note,
Series 2020A



Prepared by:

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Senior Municipal Advisor

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Senior Municipal Advisor

Josh Low
Financial Specialist

Executive Summary of Proposed Debt

Proposed Issue:	\$18,945,000 General Obligation Promissory Note, Series 2020A
Purposes:	<p>The proposed issue includes financing for the following purposes: Finance 2020 Capital Projects and Refinance the 2010B Bonds (BABs)</p> <ul style="list-style-type: none"> • Current Refunding of Series 2010B BABs (\$9,325,000). Debt service will be paid from ad valorem property taxes. <p>Interest rates on the obligations proposed to be refunded are 3.7% to 5.1%. The refunding is expected to reduce debt service expense by approximately \$968,557. over the next ten years. The Net Present Value Benefit of the refunding is estimated to be \$847,165, equal to 9.218% of the refunded principal.</p> <p>This refunding is considered to be a Current Refunding as the obligations being refunded are either callable (pre-payable) now, or will be within 90 days of the date of issue of the new Note.</p> <ul style="list-style-type: none"> • 2020 5-Year Capital Projects (\$1,830,000). Debt service will be paid from ad valorem property taxes. • 2020 10-Year Capital Projects (\$7,790,000). Debt service will be paid from ad valorem property taxes.
Authority:	<p>The Note is being issued pursuant to Wisconsin Statute:</p> <ul style="list-style-type: none"> • 67.12(12) <p>The Note will be a general obligation of the County for which its full faith, credit and taxing powers are pledged.</p> <p>The Notes count against the County’s General Obligation Debt Capacity Limit of 5% of total City Equalized Valuation. Following issuance of the Note, the County’s total General Obligation debt principal outstanding will be \$96,565,857, which is 79% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$364,450,000 million.</p>
Term/Call Feature:	<p>The Note is being issued for a term of 10 years. Principal on the Note will be due on June 1 in the years 2021 through 2030. Interest is payable annually beginning June 1, 2021.</p> <p>The Note will be subject to prepayment at the discretion of the County on June 1, 2026 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 Note as “bank qualified” obligations.</p>

Rating:	We recommend selling this issue non-rated as the Note will be offered to sale to regional and national banks.
Basis for Recommendation:	<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 Note as a suitable option 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 County having adequate General Obligation debt capacity to undertake this financing. • The existing General Obligation pledge securing the obligations to be refunded.
Method of Sale/Placement:	We will solicit competitive bids via a request for proposal from large national banks and regional banks as our initial approach in selling the 2020A Note. Given recent sales, this approach has yielded very good results in the current COVID-19 interest rate environment.
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 Note, 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 this issue is being sold in blocks of \$100,000 or more and is being sold to fewer than 35 sophisticated investors, this issue will be exempt from the Continuing Disclosure requirements of the Securities and Exchange Commission (SEC).

<p>Arbitrage Monitoring:</p>	<p>Because the Note is a tax-exempt obligation, 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 defined 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 contract with Ehlers to assist you. We also recommend that you establish written procedures regarding compliance with IRS rules and/or contract with Ehlers to assist you.</p>
<p>Investment of Note Proceeds:</p>	<p>To maximize interest earnings we recommend using an SEC registered investment advisor to assist with the investment of bond proceeds until they are needed to pay project costs. Ehlers is a registered investment advisor, and can assist the County in developing an appropriate investment strategy if needed.</p>
<p>Risk Factors:</p>	<p>Current Refunding: The Note is being issued to finance a current refunding of prior County debt obligations. Those prior debt obligations are “callable” on or after September 1, 2020. The new Note will not be pre-payable until June 1, 2026.</p> <p>This refunding is being undertaken based in part on an assumption that the County does not expect to pre-pay off this debt prior to the new call date and that market conditions warrant the refunding at this time.</p>
<p>Other Service Providers:</p>	<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, but the 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 Counsel: Quarles & Brady LLP</p> <p>Paying Agent: County</p> <p>Rating Agency: This issue will not be rated.</p>

Proposed Debt Issuance Schedule

Pre-Sale Review by Board of Supervisors:	April 21, 2020
Distribute Request for Proposals:	By April 17, 2020
Proposal Responses are Due	May 4, 2020
Board of Supervisors Meeting to Award Sale of the Note:	May 5, 2020
Estimated Closing Date:	June 4, 2020
Redemption Date for Note Being Refunded:	September 1, 2020

Attachments

Proposed Debt Service Schedule and Estimated Sources and Uses of Funds
 Estimated Debt Service Comparison
 General Obligation Borrowing Capacity (Chart)
 General Fund Levy (Chart)

Ehlers Contacts

Municipal Advisors:	Sean Lentz	(651) 697-8509
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Disclosure Coordinator:	Emily Wilkie	(651) 697-8588
Financial Analyst:	Beth Mueller	(651) 697-8553

Exhibit 1

For Discussion Only

Eau Claire County, WI

Estimated Debt Service and Capitalization Schedules

\$18,945,000 General Obligation Promissory Note, Series 2020A

Year	Principal	Rate	Interest	Total P&I	Current Refunding of Series 2010B BABs	5 Year Projects	10 Year Projects
2020							
2021	1,355,000	1.75%	328,775	1,683,775	441,828	386,758	855,189
2022	1,390,000	1.75%	307,825	1,697,825	458,288	385,813	853,725
2023	1,490,000	1.75%	283,500	1,773,500	533,038	384,513	855,950
2024	1,520,000	1.75%	257,425	1,777,425	536,388	383,125	857,913
2025	1,565,000	1.75%	230,825	1,795,825	554,563	386,650	854,613
2026	1,220,000	1.75%	203,438	1,423,438	567,300		856,138
2027	1,250,000	1.75%	182,088	1,432,088	574,688		857,400
2028	3,005,000	1.75%	160,213	3,165,213	2,306,813		858,400
2029	3,065,000	1.75%	107,625	3,172,625	2,318,488		854,138
2030	3,085,000	1.75%	53,988	3,138,988	2,284,288		854,700
Totals	18,945,000		2,115,700	21,060,700	10,575,678	1,926,858	8,558,164

Issue Summary

Key Dates

Dated Date:	6/4/2020
First Interest Payment:	6/1/2021
First Principal Payment:	6/1/2021

Cost of Fund Calculations - Assuming Bank Placement

True Interest Cost (TIC):	1.74%
All Inclusive Cost (AIC):	1.99%

Sources and Uses	Total	Current Refunding of Series 2020B BABs	5 Year Projects	10 Year Projects
Par Amount of Bonds	18,945,000	9,325,000	1,830,000	7,790,000
Total Sources	\$ 18,945,000	\$ 9,325,000	\$ 1,830,000	\$ 7,790,000
Costs of Issuance	273,450	134,596	26,414	112,440
Deposit to Project Construction Fund	9,480,209	-	1,802,000	7,678,209
Deposit to Current Refunding Fund	9,190,000	9,190,000	-	
Rounding Amount	1,341	404	1,586	(649)
Total Uses	\$ 18,945,000	\$ 9,325,000	\$ 1,830,000	\$ 7,790,000

Exhibit 2

For Discussion Only

Eau Claire County, WI

Estimated Refunding Savings Analysis

Year	PRIOR TO THE REFUNDING					FOLLOWING THE REFUNDING				DEBT SERVICE SAVINGS
	Existing Debt Service (to be refunded)					New Debt Service				
	\$9,190,000					\$18,945,000				
	Taxable G.O. Build America Bonds, 2010B Dated: 11/9/2010					General Obligation Refunding Note Dated: 6/4/2020				
	<i>Principal 9/1</i>	<i>Rate</i>	<i>Interest 3/1 & 9/1</i>	<i>Less: BAB Subsidy</i>	<i>Net Debt Service</i>	<i>Principal 6/1</i>	<i>Rate</i>	<i>Interest 6/1</i>	<i>Net Debt Service</i>	
2020										
2021	245,000	3.70%	441,128	(145,285)	540,842	280,000	1.75%	161,828	441,828	99,015
2022	265,000	3.90%	432,063	(142,300)	554,763	300,000	1.75%	158,288	458,288	96,475
2023	345,000	4.10%	421,728	(138,896)	627,832	380,000	1.75%	153,038	533,038	94,794
2024	360,000	4.25%	407,583	(134,237)	633,345	390,000	1.75%	146,388	536,388	96,958
2025	390,000	4.40%	392,283	(129,198)	653,084	415,000	1.75%	139,563	554,563	98,522
2026	415,000	4.55%	375,123	(123,547)	666,576	435,000	1.75%	132,300	567,300	99,276
2027	430,000	4.70%	356,240	(117,328)	668,912	450,000	1.75%	124,688	574,688	94,225
2028	2,180,000	4.85%	336,030	(110,671)	2,405,359	2,190,000	1.75%	116,813	2,306,813	98,546
2029	2,260,000	5.00%	230,300	(75,849)	2,414,451	2,240,000	1.75%	78,488	2,318,488	95,963
2030	2,300,000	5.10%	117,300	(38,633)	2,378,667	2,245,000	1.75%	39,288	2,284,288	94,380
Total	9,190,000		3,509,775	(1,155,944)	11,543,831	9,325,000		1,250,678	10,575,678	968,153

Notes:

Plus Rounding: **404**

Total Cash Flow (Future Value) Savings:	\$968,557
Present Value Savings of 9.218%:	\$847,166

<u>Sources</u>	<u>Uses</u>
Par Amount	Costs of Issuance
9,325,000	134,596
	Deposit to Current Refunding Fund
	9,190,000
	Rounding Amount
	404
Total:	9,325,000

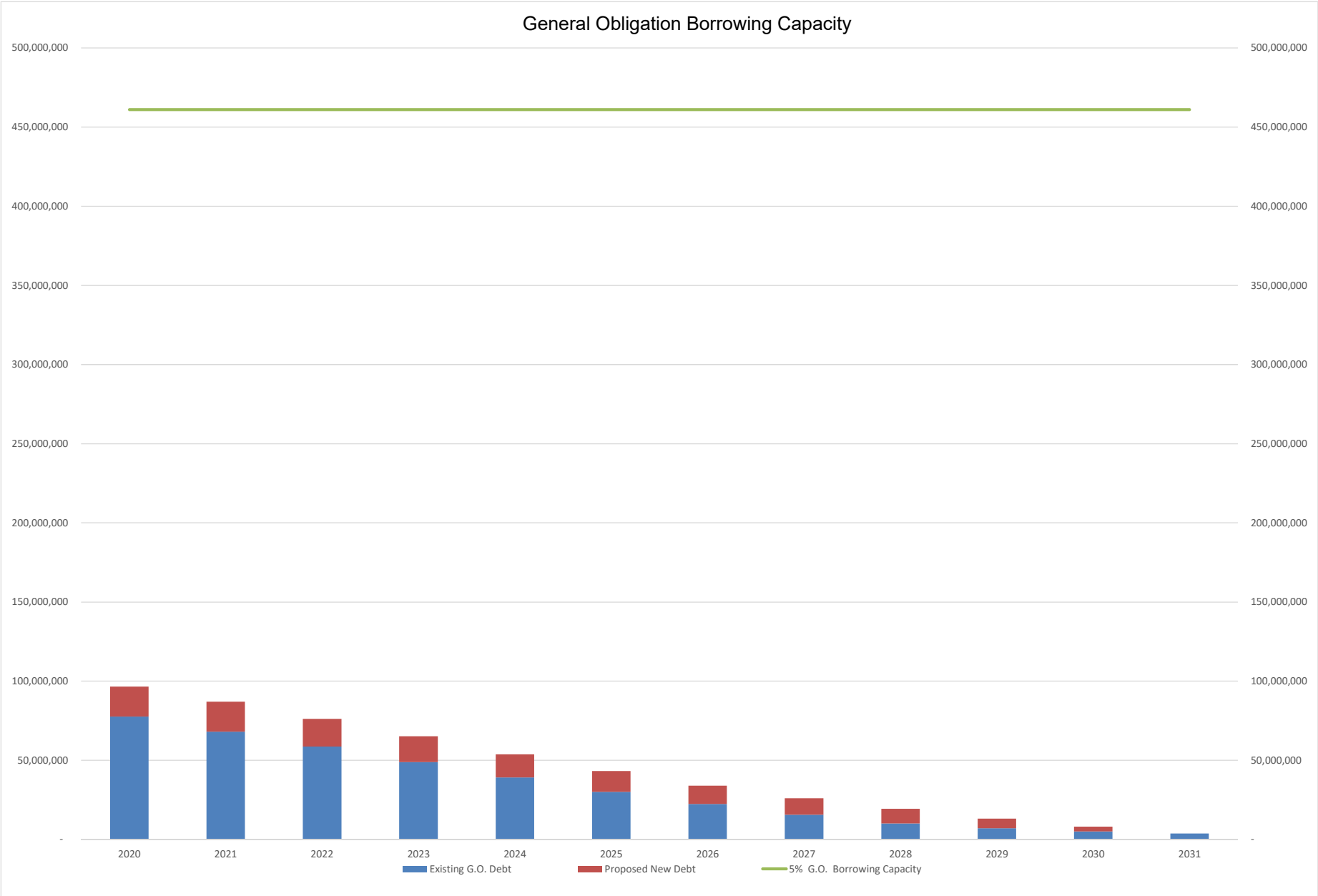
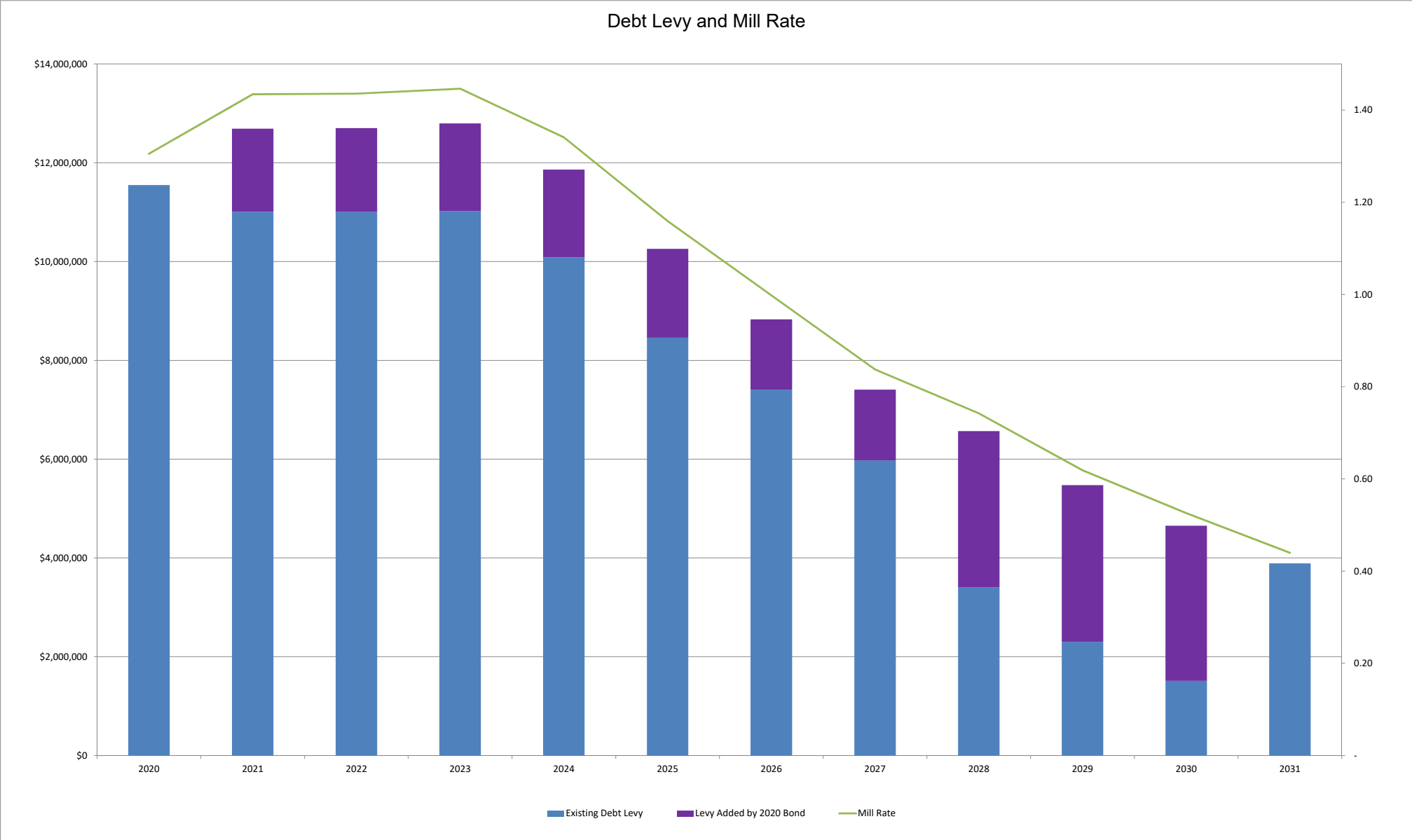
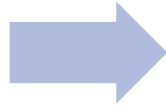


Exhibit 4



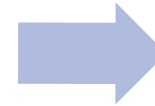
Respond

- Emergency declaration
- Operationalise the Incident Command / Emergency Operations Center
- Plan for safe re-open
- Planning for community shared response
- Remote work
- Flexible scheduling
- Online service and limited building access
- WebEX for meetings
- Scan impact: strategies and proactive action plans and development of a bridging strategy



Re-open - County government specific

- SAFE: PPE, wellness checks, and social distancing
- Cash is "King" - slow the flow: ensuring our financial foundation
- County Operations Task Force
 - Targeted cuts - not unthinking austerity
 - What does the community and organization need
 - Redefine all service areas - limited building access
 - Redefine risk profile
 - December 2021 with clawbacks



Recovery

- Guiding questions
 - Are we the right ones to solve it?
 - Is it an important problem?
 - Is this the right time?
- Coordinated Community Effort
 - Safety and local economy – analogy of a barn raising not a vending machine
 - You and government working together
- Grants management