

AGENDA
Eau Claire County
Committee on Finance & Budget
Monday, February 7, 2022
4:30 p.m.
Webex Conference Call

Public Access:
Dial in Number: 415.655.0001
Access Code: 2593 479 7006

Join from the meeting link

<https://eauclairecounty.webex.com/eauclairecounty/j.php?MTID=m6fc305e43437ae71cd28b5ff63b8d8f2>

Notice Regarding Public Comment: Members of the public wishing to make comments must email Amy Weiss at amy.weiss@co.eau-claire.wi.us at least 30 minutes prior to the start of the meeting. You will be called on during the Public Comment session to make your comments.

1. Call to Order and Confirmation of Meeting Notice
2. Roll Call
3. Public Comment
4. Proposed Resolution 21-22/092 “Initial Resolution Authorizing the Borrowing of Not to Exceed \$5,625,000; and Providing for the Issuance and Sale of General Obligation Highway Facility Bonds Therefore” / Discussion – Action
5. Department Legal Services and Expenditures (2020, 2021, 2022) / Discussion
6. Grant Application and Award Policy / Discussion
7. Debt Strategy / Discussion
8. 2023 Budget Calendar / Discussion
9. Budget Process / Discussion
10. Review of Meeting Minutes / Discussion – Action
11. Future Meetings and Agenda Items / Discussion – Action
12. Adjourn

Prepared by: Amy Weiss

Please note: Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals 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) 8391669 or (TDD) 8394735 or by writing to the ADA Coordinator, Human Resources Department, Eau Claire County Courthouse, 721 Oxford Ave., Eau Claire, Wisconsin 54703.

FACT SHEET
File No. 21-22/092

The 2022 Eau Claire County Budget adopted by the County Board of Supervisors included approved borrowing of \$5,500,000 in general obligation debt to finance the completion of the new Highway facility. If the total cost of the highway facility is less than the amount borrowed, funds from this issue will be available to finance alternate capital projects.

Issuance of this new debt is expected to add approximately \$370,000 in debt service payments for each of the next 20 years.

The \$5,625,000 noted in the authorization as not-to-exceed includes the estimate for the issuance costs associated with this borrowing.

Respectfully Submitted,

Amy Weiss
Senior Accounting Manager

INITIAL RESOLUTION AUTHORIZING THE BORROWING OF
NOT TO EXCEED \$5,625,000; AND PROVIDING FOR THE
ISSUANCE AND SALE OF GENERAL OBLIGATION HIGHWAY
FACILITY BONDS THEREFOR

WHEREAS, the County Board of Supervisors of Eau Claire County, Wisconsin (the "County") hereby finds and determines that it is necessary, desirable and in the best interest of the County to raise funds for the public purpose of paying the cost of constructing and equipping the highway facility and other capital projects included in the County's budget (the "Project");

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

Section 1. Authorization of the Bonds. For the purpose of paying costs of the Project, there shall be borrowed, through the issuance of general obligation highway facility bonds pursuant to Section 67.04 of the Wisconsin Statutes, a principal sum not to exceed FIVE MILLION SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$5,625,000) (the "Bonds").

Section 2. Sale of the Bonds. The County Board of Supervisors hereby authorizes and directs that the Bonds be offered for public sale. At a subsequent meeting, the County Board of Supervisors shall consider such bids for the Bonds as may have been received and take action thereon.

Section 3. Notice of Sale. The County Clerk, in consultation with Ehlers & Associates, Inc. ("Ehlers"), is hereby authorized and directed to cause the sale of the Bonds to be publicized at such times and in such manner as the County Clerk may determine and to cause copies of a complete, official Notice of Sale and other pertinent data to be forwarded to interested bidders as the County Clerk may determine.

Section 4. Official Statement. The Finance Director (in consultation with Ehlers) shall cause an Official Statement to be prepared and distributed. The appropriate County officials shall determine when the Official Statement is final for purposes of Securities and Exchange Commission Rule 15c2-12 and shall certify said Official Statement, such certification to constitute full authorization of such Official Statement under this resolution.

I hereby certify that the foregoing correctly represents the action taken by the undersigned Committee on February 7, 2022 by a vote of ____ for, ____ against.

Chairperson Stella Pagonis
Committee on Finance & Budget

Adopted, approved and recorded February 15, 2022.

Nicholas Smiar
Chairperson, Eau Claire County Board of
Supervisors

Attest:

Sue McDonald
Eau Claire County Clerk

(SEAL)

February 16, 2022 (DRAFT)

Pre-Sale Report for

Eau Claire County, Wisconsin

\$5,625,000 General Obligation Highway Facility
Bonds, Series 2022A



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, MN 55113

Advisors:

Sean Lentz, Senior Municipal Advisor
Brian Reilly, Senior Municipal Advisor
Josh Low, Financial Specialist

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EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$5,625,000 General Obligation Highway Facility Bonds, Series 2022A

Purposes:

The proposed issue includes financing for the following purpose:

Public purpose of paying the cost of capital projects included in the County's budget, including but not limited to the County's Highway Facility project and acquiring equipment for the same. (\$5,625,000). Debt Service will be paid from ad valorem property taxes.

Authority:

The Bonds are being issued pursuant to Wisconsin Statute:

- 67.04

The Bonds will be general obligations of the County for which its full faith, credit and taxing powers are pledged.

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 \$109,770,000, which is 22% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$396,000,000.

Term/Call Feature:

The Bonds are being issued for a term of 20 years. Principal on the Bonds will be due on September 1 in the years 2023 through March 1, 2042. Interest is payable every six months beginning March 1, 2023.

The Bonds will be subject to prepayment at the discretion of the County on September 1, 2030 or any date thereafter.

Bank Qualification:

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.

Rating:

The County's most recent bond issues were rated by Moody's Investors Service. The current ratings on those bonds are "Aa1". The County will request a new rating for the Bonds.

Basis for Recommendation:

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 as a suitable option based on:

- 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 and anticipating any potential rating impacts.
- The County's current Capital Improvements Plan which identified issuance of General Obligation Bonds to finance these projects.

Method of Sale/Placement:

We will solicit competitive bids for the purchase of the Bonds from underwriters and banks.

We will include an allowance for discount bidding in the terms 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.

If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.

Premium Pricing:

In some cases, 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." The underwriter of the bonds will retain a portion of this reoffering premium as their compensation (or "discount") but will pay the remainder of the premium to the County. 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.

The amount of premium 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 impacts with respect to debt service payment. Ehlers will identify appropriate premium restrictions for the Bonds intended to achieve the County's objectives for this financing.

For this issue of Bonds, any premium amount received that is in excess of the underwriting discount and any capitalized interest amounts must be placed in the debt service fund and used to pay a portion of the interest payments due on the Bonds.

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:

We have reviewed all outstanding indebtedness for the County and find that there are no strong refunding opportunities at this time. The 2013A and 2014A Notes show small possible savings if refunded along with a new money issue. Both issues are also candidates to be paid off with cash prior to their final maturity. In discussions with County financial staff, the 2013A and 2014A issues will be potential candidates for refunding along with the planned issuance of Notes later in 2022 to finance the 2022 budgeted capital projects.

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.

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:

The County must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations (“Arbitrage Rules”) throughout the life of the issue to maintain the tax-exempt status of the Bonds. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account.

IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The County’s specific arbitrage responsibilities will be detailed in the Tax Exemption Certificate (the “Tax Compliance Document”) prepared by your Bond Attorney and provided at closing.

The Bonds may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitation, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements.

We recommend that the County review its specific responsibilities related to the Bonds with an arbitrage expert to utilize one or more of the exceptions listed above. We also recommend that you establish written procedures regarding compliance with IRS rules and/or contract with Ehlers to assist you.

Investment of Bond Proceeds:

Ehlers can assist the County in developing a strategy to invest your Bond proceeds until the funds are needed to pay project costs.

Other Service Providers:

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.

Bond Counsel: Quarles & Brady LLP

Paying Agent: Bond Trust Services Corporation

Rating Agency: Moody's Investors Service, Inc.

PROPOSED DEBT ISSUANCE SCHEDULE

Pre-Sale Review by Board of Supervisors:	February 16, 2022
Due Diligence Call to review Official Statement:	Week of February 28, 2022
Conference with Rating Agency:	Week of February 28, 2022
Distribute Official Statement:	By March 8, 2022
Board of Supervisors Meeting to Award Sale of the Bonds:	March 15, 2022
Estimated Closing Date:	April 4, 2022

Attachments

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

EHLERS' CONTACTS

Sean Lentz, Senior Municipal Advisor	(651) 697-8509
Brian Reilly, Senior Municipal Advisor	(651) 697-8541
Josh Low, Financial Specialist	(651) 697-8596
Emily Wilkie, Senior Public Finance Analyst	(651) 697-8588
Beth Mueller, Financial Analyst	(651) 697-8553

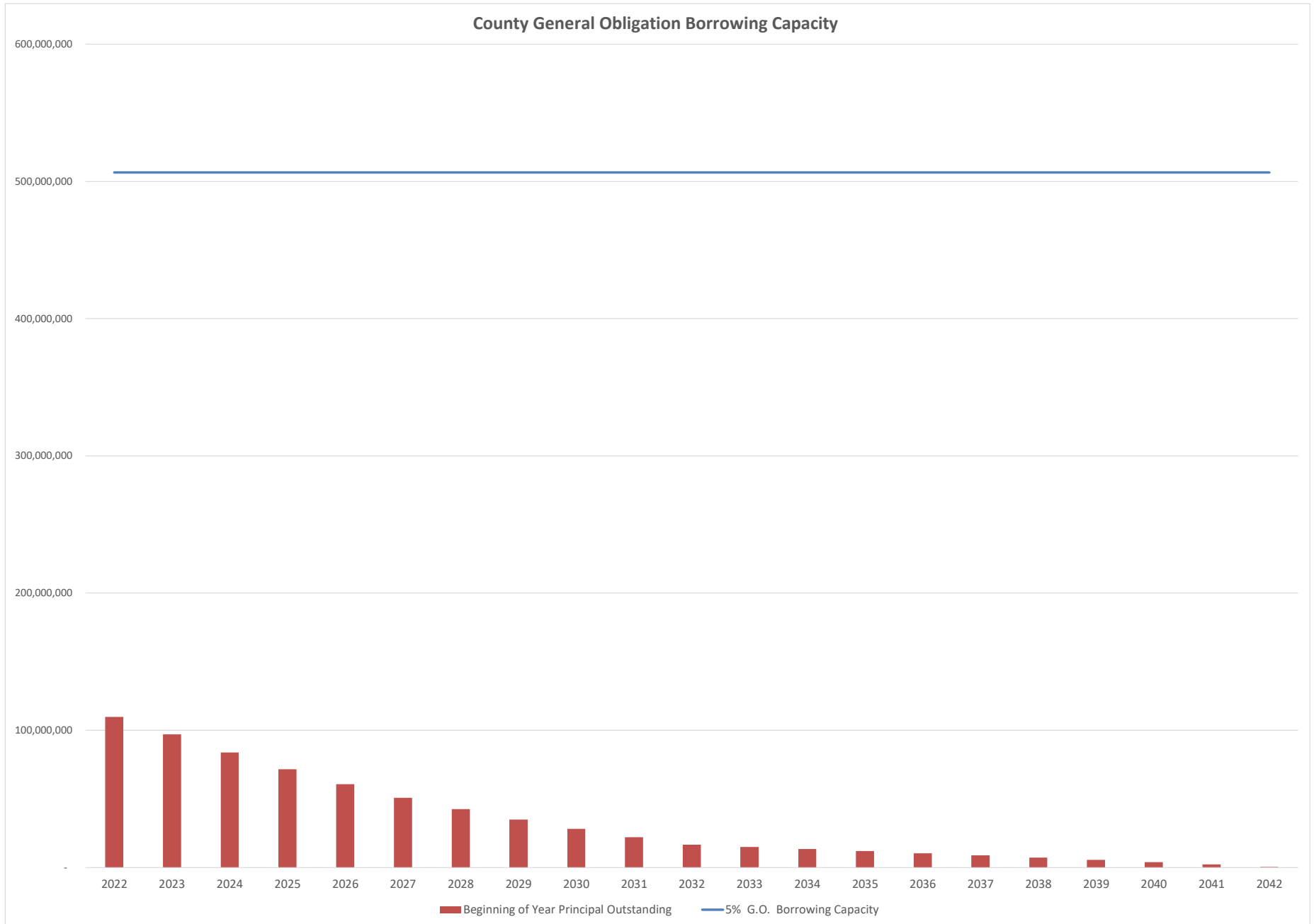
Eau Claire County, Wisconsin

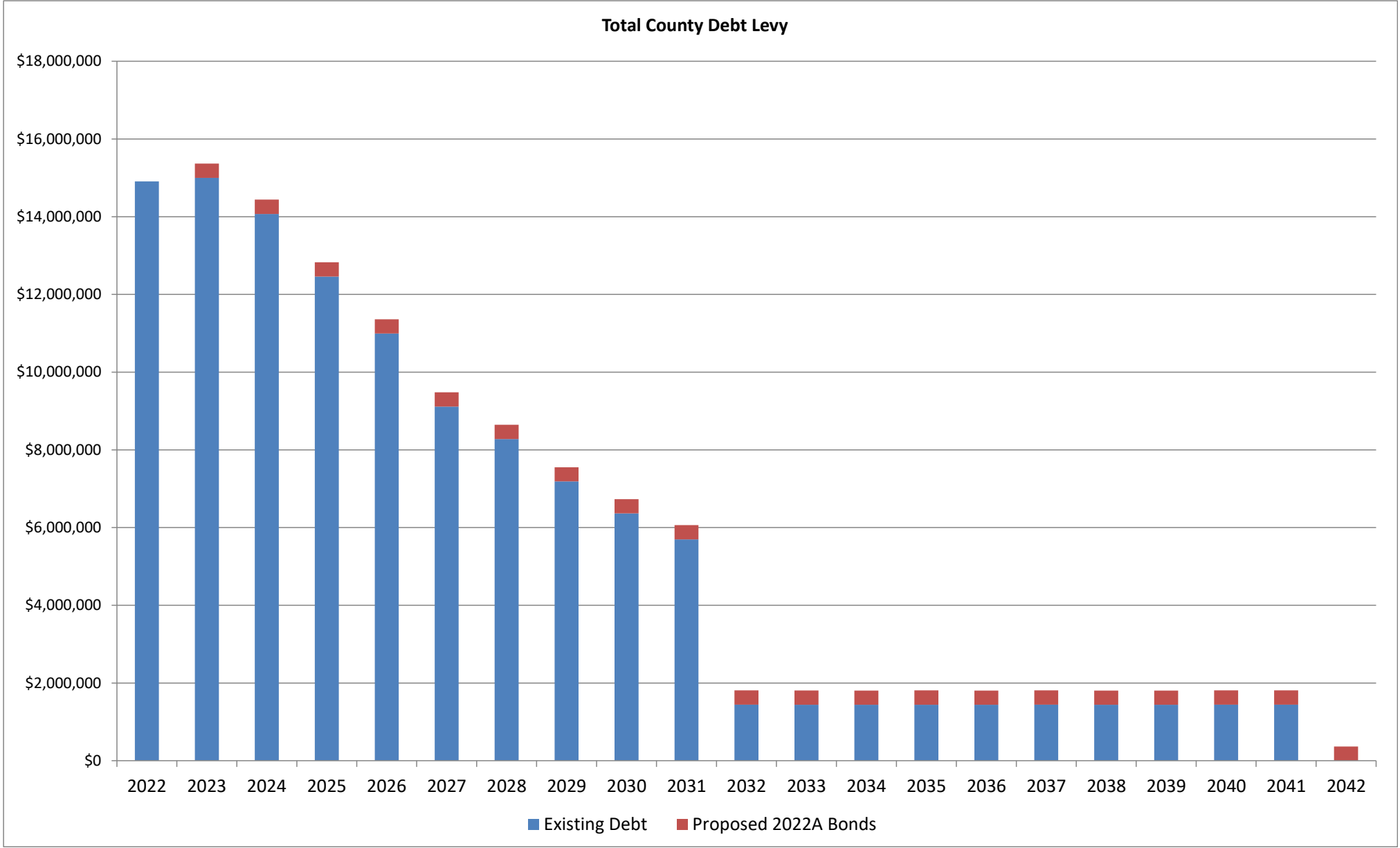
Estimated Debt Service and Capitalization Schedules

\$5,625,000 General Obligation Corporate Purpose Bonds, Series 2022A

Year	Principal	Rate	Interest	Total P&I
2022				
2023	185,000	1.00%	183,235	368,235
2024	240,000	1.15%	128,258	368,258
2025	240,000	1.35%	125,498	365,498
2026	245,000	1.60%	122,258	367,258
2027	250,000	1.75%	118,338	368,338
2028	255,000	1.90%	113,963	368,963
2029	255,000	2.00%	109,118	364,118
2030	260,000	2.10%	104,018	364,018
2031	270,000	2.20%	98,558	368,558
2032	275,000	2.30%	92,618	367,618
2033	280,000	2.35%	86,293	366,293
2034	285,000	2.45%	79,713	364,713
2035	295,000	2.50%	72,730	367,730
2036	300,000	2.55%	65,355	365,355
2037	310,000	2.65%	57,705	367,705
2038	315,000	2.75%	49,490	364,490
2039	325,000	2.85%	40,828	365,828
2040	335,000	2.95%	31,565	366,565
2041	345,000	3.05%	21,683	366,683
2042	360,000	3.10%	5,580	365,580
Totals	5,625,000		1,706,797	7,331,797

Issue Summary	
<u>Key Dates</u>	
Dated Date:	4/4/2022
First Interest Payment:	3/1/2023
First Principal Payment:	9/1/2023
<u>Projected Interest Rates</u>	
Assumes Current G.O. "Non-BQ" Aa1 Market Rates + 50 Basis Points	
True Interest Cost (TIC):	2.67%
All Inclusive Cost (AIC):	2.79%
<u>Sources and Uses</u>	
Sources	Total
Par Amount of Bonds	5,625,000
Total Sources	\$5,625,000
Uses	
Underwriter's Discount (1.000%)	56,250
Costs of Issuance	65,000
Deposit to Project Construction Fund	5,503,750
Total Uses	\$5,625,000





Way to foster greater inter-departmental discussion /dialog and collaborative problem solving.



Create mechanisms that cascade ideas upward—and across

January

- Strategic Plan: Pre-Planning Meeting – Review with the Committee on Administration in January.
 - Create summary of employee feedback to provide stakeholder input to Board. (Culture Survey of 2020 + updated stakeholder strategic plan specific survey)
 - Send feedback summary to employees for additional comment as stakeholder.
 - Elements of plan, roles and responsibilities, linkage to embedded processes and cycle. Incorporate a dashboard into reporting for linkage. **(Strategic Plan Architecture)**

February

- Annual reports due to Administration along with key metrics
- Establish roles/responsibilities for position change review (HR Director, FB Director, Admin)
 - Begin input for strategic plan.
- F&B – discussions on debt – debt metric review and strategy

March

- Initial 2023 capital requests submitted by departments

April

- Administrator Annual Report / State of the County.
- Board organizational meeting – RoB; Election of Officers
- Present finding from strategic plan environmental scans.

May

- Develop Strategic plan: Strategic priorities, Key Initiatives
- Review budget policies and priorities with Finance and Budget

June

- Department prepares initial budget submission
- Board – budget educational session and recap of prior year budget. Includes process review and points where board members will engage; introduce the budget policies and priorities

July-August

- Joint budget review meetings: include discussions of capital requests

September

- Preparation of Administrator’s Recommended Budget
- Review of the capital budget

October

- First County Board meeting: Recommended budget
- Second County Board meeting: Public Hearing and Board question/clarification/discussion meeting
- Finance & Budget wrap-up meeting

November

- Annual meeting and deliberation

MINUTES

Eau Claire County

Committee on Finance & Budget

Monday, January 10, 2022

4:30 p.m.

Webex Conference Call

Committee on Finance & Budget Members present: Supervisors Steve Chilson, Jim Dunning, Robin Leary, Stella Pagonis, Gerald Wilkie, Nick Smiar (ex-officio)

Staff present: Norb Kirk, Finance Director; Kathryn Schauf, County Administrator; Amy Weiss, Senior Accounting Manager

Others present: Ryan Patterson, Leader Telegram; an unidentified call-in user

Chair Pagonis called the Committee on Finance & Budget to order at 4:30 pm and confirmed compliance with open meetings law.

The committee clerk took roll call. Members present are indicated above.

No members of the public wished to speak.

2022 Budget Postmortem

- Norb Kirk reviewed suggestions for the 2023 budget creation, review, and adoption. Supervisor Wilkie would like more actual history on revenue and expenditures. The budget should be at least what the prior year actual is.
- General Committee Feedback:
 - Supervisor Leary thinks that the joint committee meetings between Finance & Budget and the oversight committee work really well. There could be some better education surrounding when board members can ask questions and suggest changes.
 - Supervisor Dunning suggested offering time for board members to submit general ideas that they would like to see the county address (social, environmental issues, etc.). This could be part of the strategic planning process, but could also be offered at input sessions throughout the budget process.
 - Supervisor Wilkie does not think that working off of the Administrator's Budget was a wise choice. This decision shifts budgeting away from elected officials. The 2022 budget process resulted in a double digit no vote. This was the first time this has happened in Wilkie's tenure.
 - Supervisor Chilson inquired about the budget timeline. Considering the new and evolved way of preparing the budget, Chilson suggested that the F&B committee could host a county board member listening and education session regarding the budget. This should be prior to submission of F&B amendments. This is where F&B could summarize hours of meetings and educate board members. This is where county board members would be free to ask questions on the budget. The Committee on Finance & Budget members need to take their job more seriously, and budget analysis must be more thorough and more in depth so that questions on budget amendments from board members could be adequately answered.
 - Committee feedback seems to align, at least in part, with Director suggestions.
- Capital and Debt: committee members feel that more time needs to be spent reviewing this in future budget years
- Kathryn Schauf reviewed the proposed preliminary 2023 budget timeline

Sales Tax and Vehicle Registration Fee Update

The committee reviewed the sales tax amounts for collections through October. If the county collects similar amounts for November and December 2021 as what was collected during this same time in 2020, the projected total sales tax revenue for 2021 is \$12.7 million. This is \$1 million over the 2022 budgeted amount.

The committee also reviewed the vehicle registration fee collections through November 2021. Collections are strong and as expected.

Procurement and Local Preference

Supervisor Wilkie would like the county to give preference to Chippewa Valley businesses when awarding contracts. Supervisor Pagonis said that the county cannot state that local businesses are favored. The county could build a local preference into the point and scoring process to award more points based upon being a local business.

Committee Feedback on Financial Reporting and Report Central

- The committee appreciates the consistency between departments. Supervisor Wilkie would like to see a year to date and information regarding the accrued receivable to date in order to get a better snapshot of how that particular department is doing.
- Supervisor Pagonis appreciates the Director's Report.
- Supervisor Leary thinks that all of the data is very useful, once one becomes familiar with how to navigate through the documents.
- Supervisor Wilkie relayed that the confidence level in the numbers is high amongst supervisors and department heads.

Review of Meeting Minutes

December 6, 2021

December 21, 2021

Motion: Dunning moved approve as modified

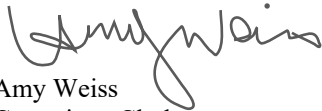
Vote: 5-0 via voice vote

Future Meetings and Agenda Items

Next Meeting: February 7

Items: discuss grant policy, review budget calendar, outside legal services and amount budgeted during 2022

The committee adjourned at 5:58 pm.



Amy Weiss
Committee Clerk