

**RE: Authorizing the Issuance and Sale of \$4,163,000 Taxable (Convertible to Tax-Exempt) General Obligation Refunding Bonds**

\*Printed as amended – Entire document

**WHEREAS**, the County Board of Supervisors hereby finds and determines that it is necessary, desirable and in the best interest of Sheboygan County, Wisconsin (the "County") to raise funds for the public purpose of refunding obligations of the County, including interest on them, specifically, the General Obligation Promissory Notes, dated January 7, 2014, maturing in the years 2022 and 2023 (the "Refunded Obligations") (hereinafter the refinancing of the Refunded Obligations shall be referred to as the "Refunding");

**WHEREAS**, the County Board of Supervisors deems it to be necessary, desirable and in the best interest of the County to refund the Refunded Obligations for the purpose of achieving debt service savings;

**WHEREAS**, the County is authorized by the provisions of Section 67.04, Wisconsin Statutes, to borrow money and issue general obligation refunding bonds to refinance its outstanding obligations;

**WHEREAS**, due to certain provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"), it is necessary to issue such general obligation refunding bonds (the "Bonds") on a taxable basis, while also maintaining the ability to convert the Bonds into tax-exempt obligations when and if permitted under the Code;

**WHEREAS**, it is the finding of the County Board of Supervisors that it is necessary, desirable and in the best interest of the County to sell the Bonds to Zions Bancorporation, N.A. (the "Purchaser"), pursuant to the terms and conditions of the Preliminary Term Sheet attached hereto as Exhibit A and incorporated herein by this reference (the "Proposal"); and

**WHEREAS**, the County was duly organized and is validly existing and operating under and by virtue of the laws of the State of Wisconsin.

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

Section 1. Authorization and Sale of the Bonds. For the purpose of paying the cost of the Refunding, there shall be borrowed pursuant to Section 67.04, Wisconsin Statutes, the principal sum of FOUR MILLION ONE HUNDRED SIXTY-THREE THOUSAND DOLLARS (\$4,163,000) from the Purchaser in accordance with the terms and conditions of the Proposal. The Proposal is hereby accepted and the Chairperson and County Clerk or other appropriate officers of the County are authorized and directed to execute an acceptance of the Proposal on behalf of the County. To evidence the obligation of the County, the Chairperson and County Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to the Purchaser for, on behalf of and in the name of the County, the Bonds aggregating the principal amount of FOUR MILLION ONE HUNDRED SIXTY-THREE THOUSAND DOLLARS (\$4,163,000) for the sum set forth on the Proposal, plus accrued interest to the date of delivery.

Section 2. Terms of the Bonds. The Bonds shall be initially designated "Taxable General Obligation Refunding Bonds"; shall be issued in the aggregate principal amount of \$4,163,000; shall be dated November 3, 2020; shall be in the denomination of \$100,000 or more; shall be numbered R-1 and upward; shall bear interest at the rates per annum set forth on the Proposal (subject to change upon Conversion as set forth in Section 4 below); and mature on May 1 of each year, in the years and principal amounts as set forth on the Proposal. Interest shall be payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2021. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The schedule of principal and interest payments due on the Bonds is set forth on the Debt Service Schedule attached hereto as Exhibit B-1 and incorporated herein by this reference (the "Schedule"). The Schedule is subject to change upon Conversion (hereinafter defined) pursuant to Section 4 below.

Section 3. Redemption Provisions. The Bonds are subject to redemption prior to maturity, at the option of the County, on any date. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the County, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption. Before the redemption of the Bonds, unless waived by the registered owner, the County shall give notice of such redemption by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the Purchaser or registered owner of each Bond to be redeemed, in whole or in part, at the address shown on the registration books.

Section 4. Conversion. Upon satisfaction of the conditions set forth in this Section 4, the Bonds shall become tax-exempt obligations and the interest thereon shall be excluded from the gross income of the holders thereof for federal income tax purposes ("Conversion"). In the event a Conversion were to take place, interest on the Bonds would become payable at the rates per annum set forth on the schedule attached hereto as Exhibit B-2 (the "Tax-Exempt Schedule") and incorporated herein by this reference. If all conditions precedent set forth in this Section 4 are not satisfied there will be no Conversion and the Bonds will continue to bear interest at the rates set forth in the Schedule and the interest thereon will continue to be included in the gross income of the holders thereof for federal income tax purposes. Prior to and in order to effectuate a Conversion the following conditions must be satisfied:

(i) No later than 30 days prior to the date on which the Conversion is intended to take effect, the County shall provide written notice to the Purchaser, Robert W. Baird & Co. Incorporated, and a counsel acceptable to the County whose legal opinions on municipal bond issues are nationally recognized ("Bond Counsel") that it intends to satisfy the conditions for a Conversion.

(ii) The County shall deliver to the Purchaser a Tax Exemption Certificate prepared by Bond Counsel and the County shall have delivered all other documents required for Bond Counsel to complete such Tax Exemption Certificate evidencing satisfaction of the requirements for interest on the Bonds to be excludable from gross income of the holders thereof for federal income tax purposes.

(iii) The County shall provide Bond Counsel all information necessary for Bond Counsel to prepare and timely file an IRS Form 8038-G.

(iv) There shall be delivered to Bond Counsel any other documents required by Bond Counsel in order for Bond Counsel to deliver the opinion set forth in (vi) below.

(v) The Purchaser shall deliver the Bonds to the Fiscal Agent for cancellation in exchange for new Bonds which will reflect the tax-exempt status of the Bonds and the interest rates set forth in the Tax-Exempt Schedule.

(vi) Bond Counsel shall deliver an opinion to the effect that, on and after the date of Conversion, the interest on the Bonds will be excludable from the gross income for the holders thereof for federal income tax purposes pursuant to Section 103 of the Code (such opinion to be addressed to the Purchaser or Bond Counsel shall deliver a reliance letter to the Purchaser).

Upon satisfaction of the foregoing, there shall be a Conversion and the Bonds will be tax-exempt obligations and shall be payable at the rates set forth in the Tax-Exempt Schedule, provided, however, that no Conversion shall occur prior to February 1, 2021, unless a change in the Code would permit a Conversion of the Bonds on an earlier date.

Section 5. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit C and incorporated herein by this reference.

Section 6. Tax Provisions.

(A) Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Bonds as the same becomes due, the full faith, credit and resources of the County are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the County a direct annual irrepealable tax in the years 2020 through 2022 for the payments due in the years 2021 through 2023 in the amounts set forth on the Schedule.

(B) Tax Collection. So long as any part of the principal of or interest on the Bonds remains unpaid, the County shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Bonds, said tax shall be, from year to year, carried onto the tax roll of the County and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the County for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year (i) by the amount of any surplus money in the Debt Service Fund Account created below or (ii) to reflect a reduction in the amount of interest payable on the Bonds in the event a Conversion occurs.

(C) Additional Funds. If at any time there shall be on hand insufficient funds from the aforesaid tax levy to meet principal and/or interest payments on said Bonds when due, the requisite amounts shall be paid from other funds of the County then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 7. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the County, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Debt service or sinking funds established for obligations previously issued by the County may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for Taxable General Obligation Refunding Bonds, dated November 3, 2020" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Bonds is fully paid or otherwise extinguished. There shall be deposited into the Debt Service Fund Account (i) all accrued interest received by the County at the time of delivery of and payment for the Bonds; (ii) any premium not used for the Refunding which may be received by the County above the par value of the Bonds and accrued interest thereon; (iii) all money raised by the taxes herein levied and any amounts appropriated for the specific purpose of meeting principal of and interest on the Bonds when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Bonds when due; (v) surplus monies in the Borrowed Money Fund as specified below; and (vi) such further deposits as may be required by Section 67.11, Wisconsin Statutes.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Bonds until all such principal and interest has been paid in full and the Bonds canceled; provided (i) the funds to provide for each payment of principal of and interest on the Bonds prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Bonds may be used to reduce the next succeeding tax levy, or may, at the option of the County, be invested by purchasing the Bonds as permitted by and subject to Section 67.11(2)(a), Wisconsin Statutes, or in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account.

(C) Remaining Monies. When all of the Bonds have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service Fund Account shall be transferred and deposited in the general fund of the County, unless the County Board of Supervisors directs otherwise.

Section 8. Proceeds of the Bonds; Segregated Borrowed Money Fund. The proceeds of the Bonds (the "Bond Proceeds") (other than any premium not used for the Refunding and accrued interest which must be paid at the time of the delivery of the Bonds into the Debt Service Fund Account created above) shall be deposited into a special fund (the "Borrowed Money Fund") separate and distinct from all other funds of the County and disbursed solely for the purpose or purposes for which borrowed. In no event shall monies in the Borrowed Money Fund be used to fund operating expenses of the general fund of the County or of any special revenue fund of the County that is supported by property taxes. In order to accomplish the purpose for which the Bonds are issued, proceeds of the Bonds shall be transferred to the Escrow Account, as provided below. Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purpose or purposes for which the Bonds have been issued have been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose(s) shall be deposited in the Debt Service Fund Account.

Section 9. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the County by the manual or facsimile signatures of the Chairperson and County Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the

Purchaser upon payment to the County of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Bonds may be imprinted on the Bonds in lieu of the manual signature of the officer but, unless the County has contracted with a fiscal agent to authenticate the Bonds, at least one of the signatures appearing on each Bond shall be a manual signature. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Bonds and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The County hereby authorizes the officers and agents of the County to enter into, on its behalf, agreements and contracts in conjunction with the Bonds, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Bonds is hereby ratified and approved in all respects.

Section 10. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by Associated Trust Company, National Association, Green Bay, Wisconsin, which is hereby appointed as the County's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The County hereby authorizes the Chairperson and County Clerk or other appropriate officers of the County to enter a Fiscal Agency Agreement between the County and the Fiscal Agent. Such contract may provide, among other things, for the performance by the Fiscal Agent of the functions listed in Wis. Stats. Sec. 67.10(2)(a) to (j), where applicable, with respect to the Bonds.

Section 11. Persons Treated as Owners; Transfer of Bonds. The County shall cause books for the registration and for the transfer of the Bonds to be kept by the Fiscal Agent. The person in whose name any Bond 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 Bond 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 Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the Fiscal Agent, 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 Chairperson and County Clerk shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Bond surrendered for transfer.

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

Section 12. Record Date. The 15th day of the calendar month next preceding each interest payment date shall be the record date for the Bonds (the "Record Date"). Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the County at the close of business on the Record Date.

Section 13. Continuing Disclosure. The Bonds are an exempt transaction in connection with the continuing disclosure requirements of SEC Rule 15c2-12 promulgated by the Securities

and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") because the minimum authorized denominations for the Bonds are \$100,000 or more and the sale of the Bonds is limited to no more than 35 sophisticated persons (in the Purchaser's reasonable belief) none of whom is purchasing for more than one account or with a view to distributing the securities.

Section 14. Escrow Agent; Escrow Agreement; Escrow Account. Associated Trust Company, National Association, Green Bay, Wisconsin, is hereby appointed escrow agent for the County, for the purpose of ensuring the payment of the principal of and interest on the Refunded Obligations (the "Escrow Agent").

The Chairperson and County Clerk, or other appropriate officers of the County, are hereby authorized and directed to execute an escrow agreement (the "Escrow Agreement") with the Escrow Agent, for the purpose of effectuating the provisions of this Resolution.

The Bond Proceeds allocable to the Refunding shall be deposited in a refunding escrow account which is hereby created with the Escrow Agent, pursuant to the Escrow Agreement, for the purpose of retaining the required amount of cash, if any, and acquiring the United States obligations provided for in the Escrow Agreement.

Upon transfer of the Bond Proceeds and any other necessary funds allocable to the Refunding to the Escrow Account, the taxes heretofore levied to pay debt service on the Refunded Obligations shall be abated to the extent such transfer together with investment earnings thereon is sufficient to pay the principal of and interest on the Refunded Obligations, but such abatement shall not affect the County's pledge of its full faith, credit and resources to make such payments. The refunding escrow account created by the Escrow Agreement shall hereinafter serve as the debt service (or sinking) fund account for the Refunded Obligations. The Escrow Agent shall serve as custodian of said debt service (or sinking) funds.

Section 15. SLGS Subscriptions. The Escrow Agent and appropriate officers and agents of the County are authorized to submit subscriptions for United States Treasury Securities - State and Local Government Series and to purchase other U.S. government securities on behalf of the County in such amount as is necessary in order to carry out the Refunding.

Section 16. Redemption of the Refunded Obligations. The Refunded Obligations are hereby called for prior payment and redemption on May 1, 2021 at a price of par plus accrued interest to the date of redemption.

The County hereby directs the Escrow Agent appointed above to cause timely notice of redemption of the redemption of the Refunded Obligations, in substantially the form attached to the Escrow Agreement (the "Notice"), to be provided at the times, to the parties and in the manner set forth on the Notice.

Section 17. Record Book. The County Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds in the Record Book.

Section 18. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the County Board of Supervisors 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.

Respectfully submitted this 20<sup>th</sup> day of October, 2020.

FINANCE COMMITTEE

*William Goehring*

Chairperson

*Roger Te Stroete*

Vice-Chairperson

*Keith Abler*

Secretary

*Thomas Wegner*

*Robert Ziegelbauer*