

**PROCEEDINGS OF A SPECIAL MEETING OF THE
DOUGLAS COUNTY BOARD OF SUPERVISORS
Wednesday, March 9, 2005, 6:00 p.m., Board Room, Second Floor, Government Center
1316 North 14th Street, Superior, Wisconsin**

Meeting called to order by Chairman Douglas Finn.

Pledge of Allegiance recited.

Roll call taken by County Clerk Susan T. Sandvick. There were 24 present and 3 absent. Absent and excused were Thomas Stewart, Michael Glenn, John Shepard, Sr.

RESOLUTION

**RESOLUTION #14-05
RESOLUTION BY SUPERVISOR FINN**

Subject: Resolution Authorizing the Borrowing of \$10,215,000;
Providing for the Issuance and Sale of GENERAL OBLIGATION REFUNDING BONDS Therefor; and
Levying a Tax in Connection Therewith

WHEREAS, the County Board of Supervisors of Douglas 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 purpose of paying the cost of refunding certain outstanding obligations of the County, to wit: a portion of the County's \$35,920,000 General Obligation Refunding Bonds, dated June 4, 2002 (the "2002 Bonds") (hereinafter the refinancing of a portion of the County's 2002 Bonds shall be referred to as the "Refunding"), and there are insufficient funds on hand to pay said costs;

WHEREAS, the County Board of Supervisors deems it to be necessary, desirable and in the best interest of the County to refund a portion of the 2002 Bonds for the purpose of achieving debt service cost savings;

WHEREAS, none of the proceeds of the General Obligation Refunding Bonds shall be used to fund the operating expenses of the general fund of the County or to fund the operating expenses of any special revenue fund of the County that is supported by the property taxes;

WHEREAS, counties are authorized by the provisions of Chapter 67 of the Wisconsin Statutes to borrow money and to issue general obligation refunding bonds to refinance their outstanding obligations; and

WHEREAS, the County Board of Supervisors now deems it to be necessary, desirable and in the best interest of the County to authorize the issuance of and to award the sale of its general obligation refunding bonds to Piper Jaffray & Co., Milwaukee, Wisconsin.

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 the cost of the Refunding, there shall be borrowed pursuant to Chapter 67 of the Wisconsin Statutes, the principal sum of TEN MILLION TWO HUNDRED FIFTEEN THOUSAND DOLLARS (\$10,215,000) from Piper Jaffray & Co., Milwaukee, Wisconsin (the "Purchaser") in accordance with the terms and conditions of its purchase proposal (the "Proposal") as set forth in Exhibit A-3-9-05 and incorporated herein by this reference.

Section 1A. Sale of the Bonds. To evidence such indebtedness, 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, General Obligation Refunding Bonds aggregating the principal amount of TEN MILLION TWO HUNDRED FIFTEEN THOUSAND DOLLARS (\$10,215,000) (the "Bonds") 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 designated "General Obligation Refunding Bonds"; shall be dated April 22, 2005; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered 1 and upward; shall bear interest at the rates and shall mature on February 1 of each year, in the years and principal amounts as set forth on the schedule prepared by the Purchaser and as set forth in Exhibit B-3-9-05 (the "Schedule"). Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2005.

Section 2A. Designation of Maturities. The Bonds of this issue which mature first are designated as being issued to refund the 2002 Bonds in the order in which the debt evidenced by said obligations were incurred.

Section 3. Redemption Provisions. At the option of the County, the Bonds maturing on February 1, 2017 and thereafter shall be subject to redemption prior to maturity on February 1, 2016 or on any date thereafter. Said Bonds shall be 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. If the Proposal specifies that any of the Bonds are subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment hereto as Exhibit MRP (the "Mandatory Redemption Provisions") and incorporated herein by this reference.

Section 4. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form as set forth in Exhibit C-3-9-05 and incorporated herein by this reference.

Section 5. 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 2005 through 2018 for the payments due in the years 2006 through 2019 in the amounts set forth on the Schedule.

The direct annual irrepealable tax hereby levied shall be carried onto the tax roll 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. So long as any part of the principal of or interest on the Bonds remains unpaid, the tax hereinabove levied shall be and continues irrevocable 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 for the Bonds created below.

The County has heretofore levied a direct annual irrevocable ad valorem debt service tax with respect to the 2002 Bonds which is on deposit in the debt service fund account for the 2002 Bonds. Upon the refunding of a portion of the 2002 Bonds, a sufficient sum shall be transferred from said account and irrevocably deposited into the segregated Debt Service Fund Account for the Bonds created below and shall be used to pay the interest on the Bonds coming due on August 1, 2005 as set forth on the Schedule and the balance of the amount no longer needed for the portion of the debt service on the Bonds being refunded shall be irrevocably deposited into the Escrow Account and applied to the costs of the Refunding.

Section 6. Segregated Debt Service Fund Account. There is hereby established in the County treasury a fund account separate and distinct from all other funds or accounts of the County designated "Debt Service Fund Account for \$10,215,000 Douglas County General Obligation Refunding Bonds dated April 22, 2005", which fund account shall be used solely for the purpose of paying the principal of and interest on the Bonds. There shall be deposited in said fund account all accrued interest paid on the Bonds at the time the Bonds are delivered to the Purchaser, any premium, all money raised by taxation pursuant to Section 5 hereof, any amounts transferred from the debt service fund account for the 2002 Bonds as set forth above and all other sums as may be necessary to pay principal of and interest on the Bonds as the same become due. Said fund account shall be used for the sole purpose of paying the principal of and interest on the Bonds, shall be maintained for such purpose until such indebtedness is fully paid or otherwise extinguished, and shall at all times be invested in a manner that conforms with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable income tax regulations (the "Regulations").

Section 7. Borrowed Money Fund. The proceeds of the Bonds (the "Bond Proceeds") (other than any premium 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 an account separate and distinct from all other funds and disbursed solely for the purposes for which borrowed or for the payment for the principal of and the interest on the Bonds.

Section 8. Arbitrage Covenant. The County shall not take any action with respect to the Bond Proceeds which, if said action had been reasonably expected to have been taken, or had been deliberately and intentionally taken on the date of delivery of and payment for the Bonds (the "Closing") would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

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

of the Code or Regulations. The County covenants that it will not invest in any obligation if such investment would violate the "prohibited payment" requirement of Section 148 of the Code.

The County Clerk, or other officer of the County charged with responsibility for issuing the Bonds, 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 Bond Proceeds and the facts and estimates on which such expectations are based, all as of the Closing.

Section 9. Additional Tax Covenants Including 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 Bonds) to assure that the Bonds are obligations described in Section 103(a) of the Code, the interest on which is excludable 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 Bonds, 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 Bonds will continue to be obligations described in Section 103(a) of the Code, the interest on which is excludable from gross income for federal income tax purposes throughout their term.

The County covenants that it is a governmental unit with general taxing powers and that the Bonds are not "private activity bonds" as defined in Section 141 of the Code.

The County does not anticipate that it will qualify for any exemption from the rebate requirements of the Code. Accordingly, the County hereby covenants and agrees that there shall be paid from time to time all amounts to be rebated to the United States pursuant to Section 148(f) of the Code and any applicable Regulations. This covenant and agreement shall survive payment in full or defeasance of the Bonds. In order to fulfill such covenant and agreement, the County is hereby authorized to employ independent accountants, consultants or attorneys to assist in determining the rebate amounts.

Section 9A. Rebate Fund. If necessary, the County shall establish and maintain, so long as the Bonds are outstanding, a separate account to be known as the "Rebate Fund". The County hereby covenants and agrees that it shall pay from the Rebate Fund the rebate amounts calculated pursuant to the provisions of the Code and Regulations to the United States of America.

Amounts held in the Rebate Fund and the investment income therefrom are not pledged as security for the Bonds and may only be used to pay amounts to the United States.

The County shall maintain or cause to be maintained records of such calculations and shall make such records available upon reasonable request therefor.

The County hereby agrees it will disburse all moneys in the Rebate Fund to the United States

of America at the times and in the manner set forth in any applicable Regulations proposed or promulgated thereunder.

Section 10. Execution of the Bonds. The Bonds shall be prepared in typewritten or printed form, executed on behalf of the County by the manual or facsimile signatures of the Chairperson and County Clerk, authenticated, if required, by its fiscal agent, if any, 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. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the delivery of the Bonds, 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 all documents as may be necessary and convenient for effectuating the Closing.

Section 11. Payment of the Bonds. The principal of and interest on the Bonds shall be paid in lawful money of the United States of America by the County Clerk or County Treasurer.

Section 11A. Persons Treated as Owners; Transfer of Bonds. The County shall keep books for the registration and for the transfer of the Bonds. 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 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 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 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 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.

The fifteenth day of each calendar month next preceding each interest payment date shall be the record date for the Bonds. 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 corresponding record date.

Section 12. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the County agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations previously executed on behalf of the County and on file in the County Clerk's office.

Section 13. Undertaking to Provide Continuing Disclosure. The County hereby covenants and agrees, for the benefit of the holders of the Bonds, to enter into a written undertaking (the "Undertaking") required by SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. This Undertaking shall be enforceable by the holders of the Bonds or by the Purchaser on behalf of such holders (provided that the rights of the holders and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations hereunder and any failure by the County to comply with the provision of this Undertaking shall not be an event of default with respect to the Bonds).

The County Clerk, or other officer of the County charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the County's Undertaking.

Section 14. Escrow Agent; Escrow Agreement; Escrow Account. U.S. Bank National Association, Milwaukee, Wisconsin, is hereby appointed escrow agent for the County, for the purpose of ensuring the payment of the principal of and interest on the portion of the 2002 Bonds being refunded (the "Escrow Agent").

The Chairperson and County Clerk are hereby authorized and directed to execute an escrow agreement substantially in the form as set forth in Exhibit D-3-9-05 (the "Escrow Agreement") (such form may be modified by said officers prior to execution, the execution of such agreement by said officers to constitute full approval of the County Board of Supervisors of any such modifications), with the Escrow Agent, for the purpose of effectuating the provisions of this Resolution.

The County Board of Supervisors hereby authorizes the appropriate officers and agents of the County to enter into revised or supplemental escrow agreements from time to time and to pay expenses related thereto if entering into such agreements is in the best interest of the County, continues to provide for the timely payment of the 2002 Bonds being refunded, conforms to the requirements of the Escrow Agreement and does not alter the tax status of the interest on the 2002 Bonds or the Bonds.

The Bond Proceeds allocable to refunding a portion of the 2002 Bonds, other than any premium and accrued interest which shall be deposited in the Debt Service Fund Account created above, 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 refunding the portion of the 2002 Bonds being refunded to the Escrow Account, the taxes heretofore levied to pay debt service on the portion of the 2002 Bonds being refunded shall be abated to the extent such transfer together with investment earnings thereon is sufficient to pay the principal of and interest on the portion of the 2002 Bonds being refunded, 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 portion of the 2002 Bonds being refunded. The Escrow Agent shall serve as custodian of said debt service (or sinking) funds.

Section 15. Bond Insurance. The Chairperson and County Clerk are authorized to agree to such additional provisions as any municipal bond insurer which makes a commitment accepted by the County to insure the Bonds may reasonably request and which are acceptable to the Chairperson and County Clerk, including provisions regarding restrictions on investment of Bond Proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer and notices to be given to the bond insurer. In addition, appropriate reference to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 16. Redemption of the 2002 Bonds. The County Board of Supervisors hereby calls the 2002 Bonds described on Exhibit E-3-9-05 for redemption on February 1, 2012. The County hereby directs the Escrow Agent appointed above to cause a notice of redemption, in substantially the form attached to the Escrow Agreement, to be provided at the times and in the manner provided thereon.

Section 17. 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.

Dated this 9th day of March, 2005.

(Fiscal Note: Reduces interest on debt service by \$342,000 over a fourteen year period.)

ACTION: Motion by Quam, second Egan, to adopt. Finance Director Ann Doucette noted the county still owes just over \$35,000,000 in general obligation bonds. Kevin Mullen, bonding consultant with Piper, Jaffrey - Milwaukee, explained the rationale for refinancing the county's debt. Interest rate fluctuations provided an opportunity to realize a net savings of \$24,000 per year from 2005 to 2019. The interest rate was locked in yesterday, and the resolution states the rate is fixed. Moody's Investor Services conducted a rating review, and Douglas County has an A3 rating, which is very good. It was noted that Douglas County's financial management and operations were very positive. Mullen distributed a written summary of the objectives for the refinancing, and the impact on the bonds over a period of years. Chair Finn recognized the efforts of Doucette and the entire County Board to reach these goals. There was no penalty for this transaction. Motion carried.

ADJOURNMENT: Motion by Egan, second Baker, to adjourn. Motion carried. Meeting adjourned at 6:15 p.m. Next regularly scheduled meeting - Thursday, March 17, 2005.

Submitted by,

Susan T. Sandvick

Douglas County Clerk