



CITY OF MERRILL

COMMON COUNCIL

AGENDA • WEDNESDAY OCTOBER 16, 2019

Special Meeting

City Hall Council Chambers

5:10 PM

- I. Call to Order
- II. Silent Prayer
- III. Pledge of Allegiance
- IV. Roll Call
- V. Public Comment Period
- VI. Agendas Item(s):
 1. Update on General Obligation (GO) Promissory Note Borrowing - State Trust Fund (STF) Loan.
- VII. Ordinances:
 1. An Ordinance amending Chapter 2, Article VI, Section 2-143, related to Housing Authority term limits and composition.
- VIII. Resolutions:
 1. A Resolution awarding the sale of \$1,945,000 General Obligation Corporate Purpose Bonds, Series 2019A.
 2. A Resolution authorizing the issuance of \$1,500,000 General Obligation Promissory Notes and the issuance and sale of \$1,500,000 Note Anticipation Notes, Series 2019B in anticipation thereof
- IX. Mayor's Appointments:

Kent Johnson to the Housing Authority, term to expire November 10, 2020

Linda Murray to the Housing Authority, term to expire November 10, 2024
- X. Mayor's Communications
- XI. Adjournment

William N. Heideman, CMC, WCMC
City Clerk

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact the Merrill City Hall at (715) 536-5594.

REQUEST TO INCLUDE ITEM ON AGENDA

Board or Committee: Common Council

Date of Meeting: Wednesday, October 16th, 2019

Update on General Obligation (GO) Promissory Note Borrowing – State Trust Fund (STF) Loan

After discussing options with representatives from Ehlers & Associates, a State Trust Fund (STF) Loan from the Wisconsin Board of Commissioners of Public Lands is recommended option for the ten-year GO Notes.

The 2019 capital expenditures being financed include:

| | |
|---------------------------|-----------|
| City Hall Chillers (HVAC) | \$ 85,000 |
| City Fiber Network | \$150,000 |
| Police Radio Repeater | \$ 16,200 |

Total \$251,200

The first step in the STF loan process is the BCPL Loan Application Request Form which was submitted on 10/14/2019 (see following Fact Sheet and Application Request Form).

Signed: *Kathy Unertl*
Kathy Unertl, Finance Director

Date: 10/14/2019

Attachment: Update-GO Note BCPL-STF Loan (4626 : Update on status of State Trust Fund Loan)



Douglas La Follette, *Secretary of State*
 Sarah Godlewski, *State Treasurer*
 Joshua L. Kaul, *Attorney General*

101 E. Wilson Street
 2nd Floor
 PO Box 8943
 Madison, WI 53708-8943

608 266-1370 INFORMATION
 608 266-0034 LOANS
 608 267-2787 FAX
 bcpl.wisconsin.gov

Jonathan Barry, *Executive Secretary*

Fact Sheet - General Obligation Loans

| | | | | | | | | | | | | | |
|-------------------------------|---|-----------|---------|-------|--|-----------|-------|--|------------|-------|--|-------------|-------|
| Eligible Borrowers: | Wisconsin towns, villages, cities, counties, school districts, technical college districts, public inland lake protection and rehabilitation districts, town sanitary districts, metropolitan sewerage districts, metropolitan sewerage systems, joint sewerage systems, consortiums, cooperative educational service agencies (CESAs), federated public library systems, and drainage districts. | | | | | | | | | | | | |
| Loan Process: | Simple and transparent, with funds available 30-45 days from initial application. | | | | | | | | | | | | |
| Loan Security: | Loans become a general obligation of the borrower and require the borrower to levy a tax sufficient to make principal and interest payments when due. | | | | | | | | | | | | |
| Loan Purpose: | Loans of 10 years or less may be made to facilitate the performance of any power or duty of the borrowing municipality, including operations and maintenance. Loans greater than 10 years are restricted to the financing or refinancing of public purpose projects including "the acquisition, leasing, planning, design, construction, development, extension, enlargement, renovation, rebuilding, repair or improvement of land, waters, property, highways, buildings, equipment, or facilities", or any purpose otherwise allowed by law. | | | | | | | | | | | | |
| Economic Development Lending: | BCPL is a major source of funding for economic development projects throughout the State of Wisconsin including pass-through loans for private development, funding development incentives, TID infrastructure loans, land acquisition and development for business parks, and others. BCPL can provide critical flexibility in the repayment schedule if income projections are delayed. | | | | | | | | | | | | |
| Payments: | Annual payments are due March 15 each year. Loans funded between September 1 and March 14 do not have a payment scheduled for the following March 15. BCPL can provide custom amortization schedules for projects that may take time to generate expected revenues, or that need coordination with other debt payment schedules. | | | | | | | | | | | | |
| Prepayment: | Prepayments are allowed without penalty after January 1 and prior to September 1 each year, with 30 days prior written notice. This flexibility is extremely valuable, as future budget demands can be difficult to forecast. Many finance directors get stuck with higher rate bonds and are forced to wait years prior to refunding opportunities. This is never a problem if you borrow from BCPL. | | | | | | | | | | | | |
| Terms: | 2 to 20 year fixed rate loans. | | | | | | | | | | | | |
| Current Rates: | <table border="0"> <tr> <td>Loan Term</td> <td>2 years</td> <td>3.25%</td> </tr> <tr> <td></td> <td>3-5 years</td> <td>3.25%</td> </tr> <tr> <td></td> <td>6-10 years</td> <td>3.25%</td> </tr> <tr> <td></td> <td>11-20 years</td> <td>3.75%</td> </tr> </table> | Loan Term | 2 years | 3.25% | | 3-5 years | 3.25% | | 6-10 years | 3.25% | | 11-20 years | 3.75% |
| Loan Term | 2 years | 3.25% | | | | | | | | | | | |
| | 3-5 years | 3.25% | | | | | | | | | | | |
| | 6-10 years | 3.25% | | | | | | | | | | | |
| | 11-20 years | 3.75% | | | | | | | | | | | |
| Rate Lock: | Market-based interest rates are locked at the time of application for a period of 60 days at no cost to Borrower. This rate also remains locked following final board approval and throughout the 4-month draw period, which helps provide financial stability during the entire loan process. | | | | | | | | | | | | |
| Fees: | No application fees, origination fees or prepayment fees. No fees period! | | | | | | | | | | | | |
| Best Part: | Net interest earned by BCPL is distributed to communities statewide for the funding of public school library materials. Check out the BCPL website to see the annual contribution made to your school district. This annual payment effectively reduces local tax levies by providing schools another source of funding. How many bankers or bond dealers can say that? | | | | | | | | | | | | |



Managing Wisconsin's trust assets for public education

Douglas La Follette, *Secretary of State*
 Sarah Godlewski, *State Treasurer*
 Joshua L. Kaul, *Attorney General*

101 E. Wilson Street
 2nd Floor
 PO Box 8943
 Madison, WI 53708-8943

608 266-1370 INFORMATION
 608 266-0034 LOANS
 608 267-2787 FAX
 bcpl.wisconsin.gov

Jonathan Barry, *Executive Secretary*

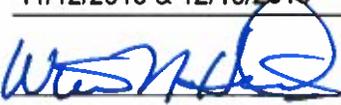
BCPL Loan Application Request Form

Municipal General Obligation Loan

| | | | |
|---------------------------|---|-----------|-----------------------|
| Date | <u>10/14/2019</u> | | |
| Municipality | <u>City of Merrill</u> | County | <u>Lincoln</u> |
| | <small>Include type of municipality (e.g. Town of Lake Tomahawk)</small> | | |
| Municipal Mailing Address | <u>1004 E. 1st St. Merrill, WI 54452</u> | | |
| Overnight Mail Address | _____ | | |
| | <small>If different from above (no P.O. Box)</small> | | |
| Head of Municipality | <u>Mayor Derek Woellner</u> | Phone (w) | <u>(715) 536-5595</u> |
| Mailing Address | <u>1004 E. 1st St.</u> | (h) | _____ |
| | <u>Merrill, WI 54452</u> | (c) | _____ |
| Email | <u>Derek.Woellner@ci.merrill.wi.us</u> | | |
| Municipal Clerk | <u>William N. Heideman</u> | Phone (w) | <u>(715) 536-5594</u> |
| Mailing Address | <u>1004 E. 1st St.</u> | (h) | _____ |
| | <u>Merrill, WI 54452</u> | (c) | _____ |
| Email | <u>Bill.Heideman@ci.merrill.wi.us</u> | | |
| Finance Dir/Treasurer | <u>Katherine G. Unertl</u> | Phone (w) | <u>(715) 536-5594</u> |
| Mailing Address | <u>1004 E. 1st St.</u> | (h) | _____ |
| | <u>Merrill, WI 54452</u> | (c) | _____ |
| Email | <u>Kathy.Unertl@ci.merrill.wi.us</u> | | |
| Financial Advisor/Firm | <u>Brian Reilly - Ehlers & Associates</u> | Phone (w) | <u>(651) 697-8541</u> |
| Email | <u>breilly@ehlers-inc.com</u> | (c) | _____ |
| Loan Purpose | <u>City Hall Chillers (HVAC), City Fiber Network, and Police Radio Repeater</u> | | |
| Loan Amount | <u>\$ 251,200.00</u> | | |
| Loan Term | <u>10</u> Years | | |

Estimated Date Funds Needed: 12/15/2019

Dates of Next Two Board/Council Meetings: 11/12/2019 & 12/10/2019



 Clerk Signature

Attachment: Update-GO Note BCPL-STF Loan (4626 : Update on status of State Trust Fund Loan)

CITY OF MERRILL
1004 EAST FIRST STREET
MERRILL, WI 54452-2586

AN ORDINANCE: By Housing Authority
Re: Amending Chapter 2, Article VI, Section 2-143
– Limitations on Terms

ORDINANCE NO. 2019-
Introduced: _____
1st Reading: _____
2nd Reading: _____
3rd Reading: _____
Committee/Commission Action: _____

AN ORDINANCE

The Common Council of the City of Merrill, Wisconsin, does ordain as follows:

Section 1. Chapter 2, Article VI, Section 2-143 of the Code of Ordinances for the City of Merrill is amended as follows:

Sec. 2-143. - Housing authority.

The housing authority is composed of five members, one of whom shall be appointed annually by the mayor, subject to confirmation by the council, for a term of five years. **No Housing Authority member shall serve more than three five year terms, whether those years are consecutive or staggered.** At least three members shall be private citizens. The remaining two members may be private citizens or an alderperson, or officers of the city, or any combination thereof, appointed in the same manner as the other members. No more than one alderperson or two officers may serve as voting members of the housing authority at the same time. In the event that none of the voting members of the housing authority are members of the common council, and there are no current vacancies on the housing authority, then the mayor shall also appoint an alderperson to act on the housing authority as an ex officio member, subject to confirmation of the council, with said alderperson's term expiring as of the date of his term of office. **In addition to the 5 members of the Housing Authority, 2 MAHA residents shall serve as non-voting advisors to the authority. Such advisors shall be selected by the Executive Director of the MAHA, and shall serve a term of no longer than 2 years. Their purpose is to advise on the operation of the facilities owned by MAHA from the unique perspective of their MAHA residence and day to day contact with those operations.**

Attachment: Ordinance on Housing Authority term limits and composition (4623 : Ordinance for Housing Authority composition)

Section 2. Severability. In the event any section, subsection, clause, phrase or portion of this ordinance is for any reason held illegal, invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remainder of this ordinance. It is the legislative intent of the Common Council that this ordinance would have been adopted if such illegal provision had not been included or any illegal application had not been made.

Section 3. Repeal and Effective Date. All ordinances or parts of ordinances and resolutions in conflict herewith are hereby repealed. This ordinance shall take effect from and after its passage and publication.

Moved by: _____
Adopted: _____
Approved: _____
Published: _____

Approved: _____
Derek Woellner, Mayor

Attest: _____
William N. Heideman, City Clerk

Attachment: Ordinance on Housing Authority term limits and composition (4623 : Ordinance for Housing Authority composition)

RESOLUTION NO. _____

**RESOLUTION AWARDING THE SALE OF \$1,945,000
GENERAL OBLIGATION CORPORATE PURPOSE
BONDS, SERIES 2019A**

WHEREAS, on September 9, 2019, the Common Council of the City of Merrill, Lincoln County, Wisconsin (the "City") adopted initial resolutions (collectively, the "Initial Resolutions") in the following not to exceed amounts for the following public purposes: \$730,000 for street improvement projects; \$190,000 for parks and public grounds projects; \$25,000 for a parking lot; \$125,000 for the purpose of paying project costs included in the project plan for the City's Tax Incremental Districts; \$235,000 for sewerage projects; \$175,000 for libraries; and \$335,000 water system projects (collectively, the "Project");

WHEREAS, pursuant to the provisions of Section 67.05, Wisconsin Statutes, within 16 days following the adoption of the Initial Resolutions, the City Clerk caused a notice to electors to be published in the Tomahawk Paper, stating the purpose and maximum principal amount of the bond issues authorized by the Initial Resolutions and describing the opportunity and procedure for submitting a petition requesting a referendum on the bond issue(s) authorized by the Initial Resolutions;

WHEREAS, no petition for referendum was filed with the City Clerk, and the time to file such a petition has expired;

WHEREAS, on September 9, 2019, the Common Council of the City also adopted a resolution (the "Set Sale Resolution"), providing that the general obligation bond issues authorized by the Initial Resolutions be combined, issued and sold as a single issue of bonds designated as "General Obligation Corporate Purpose Bonds" (the "Bonds") for the purpose of paying the cost of the Project;

WHEREAS, the Common Council hereby finds and determines that the Project is within the City's power to undertake and therefore serves a "public purpose" as that term is defined in Section 67.04(1)(b), Wisconsin Statutes;

WHEREAS, the City is authorized by the provisions of Section 67.04, Wisconsin Statutes, to borrow money and issue the Bonds for such public purposes;

WHEREAS, pursuant to the Set Sale Resolution, the City has directed Ehlers & Associates, Inc. ("Ehlers") to take the steps necessary to sell the Bonds to pay the cost of the Project;

WHEREAS, Ehlers, in consultation with the officials of the City, prepared a Notice of Sale (a copy of which is attached hereto as Exhibit A and incorporated herein by this reference) setting forth the details of and the bid requirements for the Bonds and indicating that the Bonds would be offered for public sale on October 16, 2019;

WHEREAS, the City Clerk (in consultation with Ehlers) caused a form of notice of the sale to be published and/or announced and caused the Notice of Sale to be distributed to potential bidders offering the Bonds for public sale on October 16, 2019;

WHEREAS, the City has duly received bids for the Bonds as described on the Bid Tabulation attached hereto as Exhibit B and incorporated herein by this reference (the "Bid Tabulation");

WHEREAS, it has been determined that the bid proposal (the "Proposal") submitted by the financial institution listed first on the Bid Tabulation fully complies with the bid requirements set forth in the Notice of Sale and is deemed to be the most advantageous to the City. Ehlers has recommended that the City accept the Proposal. A copy of said Proposal submitted by such institution (the "Purchaser") is attached hereto as Exhibit C and incorporated herein by this reference; and

WHEREAS, the Common Council now deems it necessary, desirable and in the best interest of the City that the Bonds be issued in the aggregate principal amount of \$_____ for the following purposes and in the following amounts:
\$_____ for street improvement projects; \$_____ for parks and public grounds projects; \$_____ for a parking lot;
\$_____ for project costs included in the project plan for the City's Tax Incremental Districts; \$_____ for sewerage projects;
\$_____ for libraries; and \$_____ for water system projects.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that:

Section 1. Ratification of the Notice of Sale and Offering Materials. The Common Council hereby ratifies and approves the details of the Bonds set forth in Exhibit A attached hereto as and for the details of the Bonds. The Notice of Sale and any other offering materials prepared and circulated by Ehlers are hereby ratified and approved in all respects. All actions taken by officers of the City and Ehlers in connection with the preparation and distribution of the Notice of Sale, and any other offering materials are hereby ratified and approved in all respects.

Section 1A. Authorization and Award of the Bonds. For the purpose of paying the cost of the Project, there shall be borrowed pursuant to Section 67.04, Wisconsin Statutes, the principal sum of ONE MILLION NINE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$1,945,000) from the Purchaser in accordance with the terms and conditions of the Proposal. The Proposal of the Purchaser offering to purchase the Bonds for the sum set forth on the Proposal, plus accrued interest to the date of delivery, resulting in a true interest cost as set forth on the Proposal, is hereby accepted. The Mayor and City Clerk or other appropriate officers of the City are authorized and directed to execute an acceptance of the Proposal on behalf of the City. The good faith deposit of the Purchaser shall be applied in accordance with the Notice

Attachment: Resolution on GO Bonds Series 2019A (4621 : Resolution for General Obligation Bonds)

of Sale, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned. The Bonds shall bear interest at the rates set forth on the Proposal.

Section 2. Terms of the Bonds. The Bonds shall be designated "General Obligation Corporate Purpose Bonds, Series 2019A"; shall be issued in the aggregate principal amount of \$1,945,000; shall be dated November 5, 2019; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall bear interest at the rates per annum and mature on October 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit D-1 and incorporated herein by this reference. Interest shall be payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2020. 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 D-2 and incorporated herein by this reference (the "Schedule").

Section 3. Redemption Provisions. The Bonds maturing on October 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the City, on October 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the City, 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 and incorporated herein by this reference. Upon the optional redemption of any of the Bonds subject to mandatory redemption, the principal amount of such Bonds so redeemed shall be credited against the mandatory redemption payments established in Exhibit MRP for such Bonds in such manner as the City shall direct.]

Section 4. 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 E and incorporated herein by this reference.

Section 5. 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 City are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the City a direct annual irrepealable tax in the years 2019 through 2038 for the payments due in the years 2020 through 2039 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 City 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 City and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the City for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account created below.

(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 City then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 6. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the City, 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 City 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 General Obligation Corporate Purpose Bonds, Series 2019A" (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 City at the time of delivery of and payment for the Bonds; (ii) any premium which may be received by the City 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 City, 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. Any investment of the Debt Service Fund Account shall at all times conform with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable Treasury Regulations (the "Regulations").

(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 City, unless the Common Council directs otherwise.

Section 7. Proceeds of the Bonds; Segregated 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 a special fund (the "Borrowed Money Fund") separate and distinct from all other funds of the City and disbursed solely for the purpose or purposes for which borrowed or for the payment of principal of and interest on the Bonds. 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 8. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the City, charged with the responsibility for issuing the Bonds, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Bonds to the Purchaser which will permit the conclusion that the Bonds are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 9. Compliance with Federal Tax Laws. (a) The City represents and covenants that the projects financed by the Bonds and the ownership, management and use of the projects will not cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. The City further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Bonds including, if applicable, the rebate requirements of Section 148(f) of the Code. The City further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the City charged with the responsibility of issuing the Bonds shall provide an appropriate

certificate of the City certifying that the City can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The City also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Bonds provided that in meeting such requirements the City will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 10. Designation as Qualified Tax-Exempt Obligations. The Bonds are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Section 11. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the City by the manual or facsimile signatures of the Mayor and City 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 City 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 City 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 City hereby authorizes the officers and agents of the City 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 12. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by Bond Trust Services Corporation, Roseville, Minnesota, which is hereby appointed as the City's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The City hereby authorizes the Mayor and City Clerk or other appropriate officers of the City to enter a Fiscal Agency Agreement between the City 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 13. Persons Treated as Owners; Transfer of Bonds. The City 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 Mayor and City 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 City shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Bond or Bonds necessary to effect any such transfer.

Section 14. Record Date. The 16th 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 City at the close of business on the Record Date.

Section 15. 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 City agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the City Clerk or other authorized representative of the City is authorized and directed to execute and deliver to DTC on behalf of the City to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the City Clerk's office.

Section 16. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of the proceeds of the Bonds allocable to the payment of issuance expenses to Old National Bank at Closing for further distribution as directed by Ehlers.

Section 17. Official Statement. The Common Council hereby approves the Preliminary Official Statement with respect to the Bonds and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 16c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the City in connection with the preparation of such Preliminary Official Statement and any addenda to it or final Official Statement are hereby ratified and approved. In connection with the

Closing, the appropriate City official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The City Clerk shall cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser.

Section 18. Undertaking to Provide Continuing Disclosure. The City hereby covenants and agrees, for the benefit of the owners of the Bonds, to enter into a written undertaking (the "Undertaking") if required by 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. The Undertaking shall be enforceable by the owners of the Bonds or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the City to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

To the extent required under the Rule, the Mayor and City Clerk, or other officer of the City 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 City's Undertaking.

Section 19. Record Book. The City 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 20. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Bonds, the officers of the City are authorized to take all actions necessary to obtain such municipal bond insurance. The Mayor and City Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the Mayor and City 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, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 21. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Common Council 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.

Recommended by: The Common Council
WISCONSIN

CITY OF MERRILL,

Derek R. Woellner
Mayor

Moved: _____

Passed: _____

William N. Heideman
City Clerk

(SEAL)

Attachment: Resolution on GO Bonds Series 2019A (4621 : Resolution for General Obligation Bonds)

EXHIBIT A

Notice of Sale

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

EXHIBIT B

Bid Tabulation

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

EXHIBIT C

Winning Bid

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

EXHIBIT D-1

Pricing Summary

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

EXHIBIT D-2

Debt Service Schedule and Irrepealable Tax Levies

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

Attachment: Resolution on GO Bonds Series 2019A (4621 : Resolution for General Obligation Bonds)

[EXHIBIT MRP

Mandatory Redemption Provision

The Bonds due on October 1, _____, _____ and _____ (the "Term Bonds") are subject to mandatory redemption prior to maturity by lot (as selected by the Depository) at a redemption price equal to One Hundred Percent (100%) of the principal amount to be redeemed plus accrued interest to the date of redemption, from debt service fund deposits which are required to be made in amounts sufficient to redeem on October 1 of each year the respective amount of Term Bonds specified below:

For the Term Bonds Maturing on October 1, _____

| <u>Redemption Date</u> | <u>Amount</u> |
|----------------------------|------------------|
| _____ | \$ _____ |
| _____ | _____ |
| _____ | _____ (maturity) |

For the Term Bonds Maturing on October 1, _____

| <u>Redemption Date</u> | <u>Amount</u> |
|----------------------------|------------------|
| _____ | \$ _____ |
| _____ | _____ |
| _____ | _____ (maturity) |

For the Term Bonds Maturing on October 1, _____

| <u>Redemption Date</u> | <u>Amount</u> |
|----------------------------|------------------|
| _____ | \$ _____ |
| _____ | _____ |
| _____ | _____ (maturity) |

For the Term Bonds Maturing on October 1, _____

| <u>Redemption Date</u> | <u>Amount</u> |
|----------------------------|-------------------|
| _____ | \$ _____ |
| _____ | _____ |
| _____ | _____ (maturity)] |

Attachment: Resolution on GO Bonds Series 2019A (4621 : Resolution for General Obligation Bonds)

EXHIBIT E

(Form of Bond)

| | | |
|---|--------------------------|---------|
| REGISTERED | UNITED STATES OF AMERICA | DOLLARS |
| | STATE OF WISCONSIN | |
| | LINCOLN COUNTY | |
| NO. R-____ | CITY OF MERRILL | \$_____ |
| GENERAL OBLIGATION CORPORATE PURPOSE BOND, SERIES 2019A | | |

| | | | |
|------------------|-------------------------|----------------|--------|
| MATURITY DATE: | ORIGINAL DATE OF ISSUE: | INTEREST RATE: | CUSIP: |
| October 1, _____ | November 5, 2019 | ____% | _____ |

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS
(\$_____)

FOR VALUE RECEIVED, the City of Merrill, Lincoln County, Wisconsin (the "City"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. Interest shall be payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2020 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Bond are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Bond is registered on the Bond Register maintained by Bond Trust Services Corporation, Roseville, Minnesota (the "Fiscal Agent") or any successor thereto at the close of business on the 16th day of the calendar month next preceding each interest payment date (the "Record Date"). This Bond is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

For the prompt payment of this Bond together with interest hereon as aforesaid and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of an issue of Bonds aggregating the principal amount of \$1,945,000, all of which are of like tenor, except as to denomination, interest rate, maturity date and redemption provision, issued by the City pursuant to the provisions of Section 67.04, Wisconsin Statutes, for the following public purposes in the following amounts: \$_____ for street improvement projects;
\$_____ for parks and public grounds projects; \$_____

Attachment: Resolution on GO Bonds Series 2019A (4621 : Resolution for General Obligation Bonds)

for a parking lot; \$ _____ for project costs included in the project plan for the City's Tax Incremental Districts; \$ _____ for sewerage projects; \$ _____ for libraries; and \$ _____ for water system projects, as authorized by resolutions adopted on September 9, 2019 and October 16, 2019 (collectively, the "Resolution"). Said resolutions are recorded in the official minutes of the Common Council for said dates.

The Bonds maturing on October 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the City, on October 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the City, and within each maturity by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the Resolution, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

In the event the Bonds are redeemed prior to maturity, as long as the Bonds are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Bonds of a maturity are to be called for redemption, the Bonds of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation, date and maturities of the Bonds called for redemption, CUSIP numbers, and the date of redemption. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Bonds shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Bonds shall no longer be deemed to be outstanding.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Bond have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the City, including this Bond and others issued simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; and that a direct annual irrevocable tax has been levied sufficient to pay this Bond, together with the interest thereon, when and as payable.

This Bond has been designated by the Common Council as a "qualified tax-exempt obligation" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond is transferable only upon the books of the City kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Bonds, and the City appoints another depository, upon surrender of the Bond to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Bond in the same aggregate principal amount shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the City for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Bonds (i) after the Record Date, (ii) during the fifteen (16) calendar days preceding the date of any publication of notice of any proposed redemption of the Bonds, or (iii) with respect to any particular Bond, after such Bond has been called for redemption. The Fiscal Agent and City may treat and consider the Depository in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Bonds are issuable solely as negotiable, fully-registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Fiscal Agent.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the City of Merrill, Lincoln County, Wisconsin, by its governing body, has caused this Bond to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

CITY OF MERRILL
LINCOLN COUNTY, WISCONSIN

By: _____
Derek R. Woellner
Mayor

(SEAL)

By: _____
William N. Heideman
City Clerk

Date of Authentication: _____, _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue authorized by the within-mentioned resolutions of the City of Merrill, Lincoln County, Wisconsin.

BOND TRUST SERVICES
CORPORATION,
ROSEVILLE, MINNESOTA

By _____
Authorized Signatory

Attachment: Resolution on GO Bonds Series 2019A (4621 : Resolution for General Obligation Bonds)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(e.g. Bank, Trust Company
or Securities Firm)

(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)

Attachment: Resolution on GO Bonds Series 2019A (4621 : Resolution for General Obligation Bonds)



October 16, 2019

Sale Day Report for

City of Merrill, Wisconsin
\$1,945,000 General Obligation Corporate Purpose
Bonds, Series 2019A



Prepared by:

Brian Reilly, CIPMA
Senior Municipal Advisor

Sean Lentz, CIPMA
Senior Municipal Advisor

Josh Low,
Financial Specialist

Sale Day Report – October 16, 2019

City of Merrill, Wisconsin
\$1,945,000 General Obligation Corporate Purpose Bonds, Series 2019A

Purpose: For the public purposes of library improvements, street improvement projects, sewerage and water system improvements, park and public grounds projects and community development projects

Rating: Rating: S&P Global Ratings "A-"

Number of Bids: 3

Low Bidder: Baird, Milwaukee, Wisconsin

| Comparison from Lowest to Highest Bid: (TIC as bid) | Low Bid | High Bid | Interest Difference |
|--|---------|----------|------------------------|
| | 2.6106% | 2.8946% | \$74,783 |

| Summary of Sale Results: | |
|--------------------------|-------------|
| Principal Amount*: | \$1,945,000 |
| Underwriter's Discount: | \$39,665 |
| Reoffering Premium: | \$25,640 |
| True Interest Cost: | 2.6159% |
| Costs of Issuance: | \$43,864.31 |
| Yield: | 1.55%-2.65% |
| Total Net P&I | \$2,815,128 |

Notes: Bond Trust Services Corporation, Roseville, Minnesota will serve as Paying Agent on the Bonds.

The Bonds maturing October 1, 2029 and thereafter are callable October 1, 2028 or any date thereafter.

Closing Date: November 5, 2019

Common Council Action: Adopt a resolution awarding the sale of \$1,945,000 General Obligation Corporate Purpose Bonds, Series 2019A.

Attachments:

- Rating Report
- Bid Tabulation
- Sources and Uses of Funds & Updated Debt Service Schedule
- Chart – Total Debt Levy and Debt Mill Rate



Sale Day Report
City of Merrill, Wisconsin
October 16, 2019

RatingsDirect®

Summary:

Merrill, Wisconsin; General Obligation

Primary Credit Analyst:

Emily Powers, Chicago + 1 (312) 233 7030; emily.powers@spglobal.com

Secondary Contact:

David H Smith, Chicago + 1 (312) 233 7029; david.smith@spglobal.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:**Merrill, Wisconsin; General Obligation****Credit Profile**

US\$1.945 mil GO corp purp bnds ser 2019A dtd 11/05/2019 due 10/01/2039

| | | |
|--------------------------|-------------------|------------|
| <i>Long Term Rating</i> | A-/Negative | New |
| Merrill GO prom nts | | |
| <i>Long Term Rating</i> | A-/Negative | Downgraded |
| Merrill GO (AGM) | | |
| <i>Unenhanced Rating</i> | A-(SPUR)/Negative | Downgraded |
| Merrill GO (MAC) | | |
| <i>Unenhanced Rating</i> | A-(SPUR)/Negative | Downgraded |
| Merrill GO (MAC) | | |
| <i>Unenhanced Rating</i> | A-(SPUR)/Negative | Downgraded |

Many issues are enhanced by bond insurance.

Rationale

S&P Global Ratings lowered its long-term rating on Merrill, Wis.' general obligation (GO) debt to 'A-' from 'A' and assigned its 'A-' rating to the city's series 2019A GO corporate purpose bonds. The outlook is negative.

The lower rating reflects our opinion that the city's tax-increment district (TID) funds have continued to pressure general fund performance, with continued negative fund balances in seven of the city's ten TID funds in 2018, and a significant amount of money due to the general fund from these TID funds. While the general fund receivables from these funds has seen decreases in the past, specifically from fiscal years 2016 to 2017, the amount remained essentially unchanged in 2018. According to management, there is no specific period established for repayment. While the city has indicated that it will likely be repaid within three-to-five years, we view the timing of full repayment to the general fund as uncertain. Additionally, overall budgetary performance has been weak, reflecting uneven performance in recent years, leading us to believe that the general fund may be more susceptible to pressure from the TID funds. As many of these TID funds continue to underperform, we believe that additional advances from the general fund could be required, which could lead to additional rating pressure.

The negative outlook reflects our uncertainty regarding management's expectations of the performance of these TID funds, as we have not seen a credible plan to reduce the amount due to the general fund. The size of these receivables represents a majority of total available general fund reserves, leaving a minimal amount that is not included in questionable receivables which, in our view, is concerning and creates additional budgetary pressure. Overall, this trend has gone on for at least three years and still has not been adequately addressed by management, raising questions about management's willingness and ability to address this problem. Additionally supporting the negative outlook is a historically weak and volatile operating environment, driven by a stagnant revenue climate that is creating

Summary: Merrill, Wisconsin; General Obligation

budgetary pressure and leading to weak budgetary performance.

The bonds are secured by the city's full faith and credit pledge and ability to levy unlimited ad valorem property taxes. Proceeds will be used to finance various capital, infrastructure and street projects throughout the city.

The 'A' rating reflects our assessment of the city's creditworthiness, specifically its:

- Very weak economy, with projected per capita effective buying income (EBI) at 79.6% of the national level and market value per capita of \$45,154;
- Adequate management, with standard financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Weak budgetary performance, with operating deficits in the general fund and at the total governmental fund level in fiscal 2018;
- Weak budgetary flexibility, with an available fund balance that we expect will decrease in the near term from its fiscal 2018 level of 13.0% of operating expenditures, as well as receivables included in the available fund balance that we do not expect to be collected in the near term;
- Very strong liquidity, with total government available cash at 42.9% of total governmental fund expenditures and 3.4x governmental debt service, and access to external liquidity we consider strong;
- Adequate debt and contingent liability position, with debt service carrying charges at 12.8% of expenditures and net direct debt that is 154.7% of total governmental fund revenue, as well as rapid amortization, with 77.4% of debt scheduled to be retired in 10 years; and
- Adequate institutional framework score.

Very weak economy

We consider Merrill's economy very weak. The city, with an estimated population of 9,317, is the Lincoln County seat. It is approximately 16 miles north of Wausau. It has a projected per capita EBI of 79.6% of the national level and per capita market value of \$45,154. Overall, market value grew by 4.6% over the past year to \$420.7 million in 2019. The county unemployment rate was 3.2% in 2018.

Merrill acts as the county's business center. Historically, the economy was primarily based on logging and wood manufacturing industries; however, it has since diversified into the insurance, government services, health care, and manufacturing sectors. Leading employers include Church Mutual Insurance Co. (802 employees), Merrill Public Schools (640), and the county itself (484). Some residents work in the nearby Wausau area. Despite the relative employment diversity, the city's and county's economic indicators are below average.

To assist the local economy, the city established a redevelopment authority in 2004, which has established a number of TIDs. TID 3 has been successful and houses a Wal-Mart, and TID 11 has continuing residential development, with both apartments and single-family homes currently under construction. While other TIDs are still developing, Merrill has also seen continued expansion outside of these districts, with new retail and industrial development. Despite this growth, we anticipate the city's economic conditions will likely remain very weak over the medium term.

*Summary: Merrill, Wisconsin; General Obligation***Adequate management**

We view the city's management as adequate, with standard financial policies and practices under our FMA methodology, indicating the finance department maintains adequate policies in some, but not all, key areas.

Management uses historical and outside information to project revenue and expenditures for the yearly budget. The council reviews a monthly budget-to-actual report, but based on 2019 projections versus actuals, the council did not make necessary adjustments, specifically in regard to various underperforming TID funds. Although Merrill does not perform long-term planning, it does have a detailed 10-year capital plan that includes funding sources. It follows state policy when investing funds, but does not report holdings and earning to the council throughout the year. It has a general fund unassigned fund balance policy of 12%-15% of expenditures, but has not historically achieved this goal. The city does not have a debt management policy.

Weak budgetary performance

Merrill's budgetary performance is weak, in our opinion. The city had operating deficits of negative 1.7% of expenditures in the general fund and negative 2.9% across all governmental funds in fiscal 2018.

In analyzing the city's budgetary performance, we adjusted recurring transfers and capital expenditures funded by bond proceeds in the city's general fund and total governmental funds. Historically, the general fund has subsidized the capital expenditures for the various TID projects. In recent years, the well-performing TID funds have subsidized those with negative fund balance.

After adjustments, the general fund posted a slight deficit in 2018, differing slightly from the city's original break-even budget, although increasing the general fund available fund balance by roughly \$1,200. Across governmental funds, the city saw a smaller deficit than in prior years, after removing one-time expenditures and the spending of bond proceeds. The budget for fiscal 2019 is calling for a \$1.4 million deficit, prior to any transfers or bond proceeds. Management expects operations to end with break-even results, with a slight decrease in the unassigned fund balance due to a payoff of debt. Additionally, management expects total governmental performance to be at least in line with prior years, but possibly seeing more positive results, guided by management's view of higher-performing TID funds. While this is management's expectation, we believe that budgetary performance will remain weak, as the TID funds' negative fund balances grew in the last audited year, and there is no repayment plans in place for these advances to the TID funds from the general fund.

Weak budgetary flexibility

Merrill's budgetary flexibility is weak, in our view, with an available fund balance that we expect could decrease in the near term from its fiscal 2018 level of 13.0% of operating expenditures, or \$1.7 million. Weakening budgetary flexibility, in our view, is inclusion of receivables in the available fund balance that we do not expect to be collected in the near term.

We view the significant amounts due to the general fund from various TID funds as questionable receivables. This amount, totaling \$1.7 million in 2018, remained stagnant over the prior year, with no major reduction in the overall receivables. Management noted that many of the TIDs are generating tax-increment revenue, but in 2018, most TID funds posted fund deficits, increasing the respective fund balance deficits. Management additionally noted that there is no formal plan in place for repayment of these TID receivables to the general fund, and that transfers to the general

Summary: Merrill, Wisconsin; General Obligation

fund are done based on fund performance in that year, and cannot be fully estimated. In our view, these underperforming TID funds remain a burden to the general fund, as the total receivables is nearly equal to the general unassigned fund balance. If the TID funds continue to underperform and require additional advances from the general fund, budgetary flexibility could worsen, which could lead to additional negative pressure on the rating.

Very strong liquidity

In our opinion, Merrill's liquidity is very strong, with total government available cash at 42.9% of total governmental fund expenditures and 3.4x governmental debt service in 2018. In our view, the city has strong access to external liquidity if necessary.

The city's available \$6.8 million in cash and investments (after removing unspent bond proceeds) were held primarily in the Wisconsin local government investment pool and mutual bond funds, which we do not consider aggressive. Based on past issuance of debt, we believe the city has strong access to capital markets to provide for liquidity needs if necessary. Merrill has three direct-purchase loans outstanding, totaling \$3.14 million. The city issued each through a resolution that does not contain acceleration or what we consider other permissive provisions, and we do not view this as a liquidity risk. We expect liquidity to remain very strong.

Adequate debt and contingent liability profile

In our view, Merrill's debt and contingent liability profile is adequate. Total governmental fund debt service is 12.8% of total governmental fund expenditures, and net direct debt is 154.7% of total governmental fund revenue.

Approximately 77.4% of the direct debt is scheduled to be repaid within 10 years, which is, in our view, a positive credit factor.

We calculate total direct debt at about \$25.6 million; when excluding revenue-supported debt, net direct debt amounts to roughly \$24.4 million. The city is concurrently issuing \$1.5 million in note anticipation notes. Additionally, the city plans to issue up to \$4.7 million in GO and tax-increment revenue debt within the next two years, for capital projects and equipment. Based on these additional issuances, we expect our view of the city's debt profile to remain adequate.

Merrill's pension contributions totaled 4.2% of total governmental fund expenditures in 2018. The city made its full annual required pension contribution in 2018. It does not offer any other postemployment benefits.

The city contributes to Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined-benefit plan for retiree pension benefits. The system is 103% funded on a statewide basis. The city's proportionate share of the net pension asset was \$1.9 million in fiscal 2018. We do not expect pensions to be a pressure for the city in the near term due to its relatively low contribution requirements and the over-funded status of WRS.

Adequate institutional framework

The institutional framework score for Wisconsin cities and villages with a population less than 25,000 is adequate.

Outlook

The negative outlook reflects our view that there is at least a one-in-three chance of a lower rating within the two-year outlook horizon. The rating could be lowered if the city is unable to implement a credible repayment plan for the

Summary: Merrill, Wisconsin; General Obligation

receivables due to the general fund, and if the city's TID funds continue to pressure general fund performance. We could also lower the rating if volatile budgetary performance continues and the city is not able to achieve a sustained period of balanced operations.

We could revise the outlook to stable if we were to see improvement in the city's budgetary performance, despite its stagnant revenue climate, in addition to a reduction in the questionable general fund receivables, coupled with a repayment plan for the full amount due.

Related Criteria And Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- 2018 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.



BID TABULATION

\$1,945,000 General Obligation Corporate Purpose Bonds, Series 2019A

City of Merrill, Wisconsin

SALE: October 16, 2019

AWARD: BAIRD

Rating: S&P Global Ratings "A-"

Tax Exempt - Bank Qualified

| NAME OF BIDDER | MATURITY (October 1) | RATE | REOFFERING YIELD | PRICE | NET INTEREST COST | TRUE INTEREST RATE |
|--------------------------------------|-------------------------|--------|---------------------|----------------|-------------------------|--------------------------|
| BAIRD | | | | \$1,925,550.00 | \$595,656.70 | 2.6106% |
| Milwaukee, Wisconsin | 2020 | 3.000% | 1.550% | | | |
| C.L. King & Associates WMBE | 2021 | 3.000% | 1.570% | | | |
| Dougherty & Company, LLC | 2022 | 3.000% | 1.590% | | | |
| Edward Jones | 2023 | 3.000% | 1.610% | | | |
| Loop Capital Markets | 2024 | 3.000% | 1.650% | | | |
| Fidelity Capital Markets | 2025 | 3.000% | 1.750% | | | |
| Davenport & Co. L.L.C. | 2026 | 3.000% | 1.850% | | | |
| Ross, Sinclair & Associates, LLC | 2027 | 3.000% | 1.950% | | | |
| Country Club Bank | 2028 | 3.000% | 2.050% | | | |
| SumRidge Partners | 2029 ¹ | 2.250% | 2.250% | | | |
| Sierra Pacific Securities | 2030 ¹ | 2.250% | 2.250% | | | |
| Isaak Bond Investments, Inc | 2031 ¹ | 2.250% | 2.250% | | | |
| Midland Securities | 2032 ² | 2.250% | 2.350% | | | |
| Wintrust Investments, LLC | 2033 ² | 2.250% | 2.350% | | | |
| FMS Bonds Inc. | 2034 ¹ | 2.375% | 2.450% | | | |
| Alamo Capital WMBE | 2035 ³ | 2.375% | 2.450% | | | |
| Central States Capital Markets | 2036 ⁴ | 2.500% | 2.550% | | | |
| Multi-Bank Securities Inc. | 2037 ⁴ | 2.500% | 2.550% | | | |
| First Southern Securities | 2038 ⁵ | 2.625% | 2.650% | | | |
| Dinosaur Securities | 2038 ⁵ | 2.625% | 2.650% | | | |
| First Bankers' Banc Securities, Inc. | 2039 ⁵ | 2.625% | 2.650% | | | |
| Tribal Capital Markets LLC | | | | | | |
| Mountainside Securities LLC | | | | | | |

* Subsequent to bid opening the individual maturity amounts were adjusted.

Adjusted Price - \$1,923,864.31

Adjusted Net Interest Cost - \$601,399.92

Adjusted TIC - 2.6159%

¹ \$300,000 Term Bond due 2031 with mandatory redemption in 2029-2030.

² \$240,000 Term Bond due 2033 with mandatory redemption in 2032.

³ \$250,000 Term Bond due 2035 with mandatory redemption in 2034.

⁴ \$270,000 Term Bond due 2037 with mandatory redemption in 2036.

⁵ \$260,000 Term Bond due 2039 with mandatory redemption in 2038.

Attachment: Sales Report for Bonds 2019A (distributed at meeting (4621 : Resolution for General Obligation Bonds)

| NAME OF BIDDER | MATURITY (October 1) | RATE | REOFFERING YIELD | PRICE | NET INTEREST COST | TRUE INTEREST RATE |
|---|-------------------------|------|---------------------|----------------|-------------------------|--------------------------|
| NORTHLAND SECURITIES, INC. Minneapolis, Minnesota | | | | \$1,925,550.00 | \$663,766.11 | 2.8909% |
| BOK FINANCIAL SECURITIES, INC. Milwaukee, Wisconsin | | | | \$1,964,749.40 | \$670,439.77 | 2.8946% |

Attachment: Sales Report for Bonds 2019A (distributed at meeting (4621 : Resolution for General Obligation Bonds)

Exhibit 1

Sale Results

City of Merrill, WI

Debt Service and Capitalization Schedules

\$1,945,000 General Obligation Corporate Purpose Bonds, Series 2019A

| Year | Principal | Rate | Interest | Total Net P&I | Levy | Water | Sewer | TID 12 |
|---------------|------------------|-------|----------------|------------------|------------------|----------------|----------------|----------------|
| 2019 | | | | | | | | |
| 2020 | 95,000 | 3.00% | 45,651 | 140,651 | 94,221 | 23,009 | 15,501 | 7,920 |
| 2021 | 60,000 | 3.00% | 47,563 | 107,563 | 60,319 | 23,394 | 15,775 | 8,075 |
| 2022 | 60,000 | 3.00% | 45,763 | 105,763 | 59,419 | 22,944 | 15,475 | 7,925 |
| 2023 | 60,000 | 3.00% | 43,963 | 103,963 | 58,519 | 22,494 | 15,175 | 7,775 |
| 2024 | 60,000 | 3.00% | 42,163 | 102,163 | 57,619 | 22,044 | 14,875 | 7,625 |
| 2025 | 70,000 | 3.00% | 40,363 | 110,363 | 66,719 | 21,594 | 14,575 | 7,475 |
| 2026 | 70,000 | 3.00% | 38,263 | 108,263 | 65,519 | 21,144 | 14,275 | 7,325 |
| 2027 | 75,000 | 3.00% | 36,163 | 111,163 | 69,319 | 20,694 | 13,975 | 7,175 |
| 2028 | 75,000 | 3.00% | 33,913 | 108,913 | 67,969 | 20,244 | 13,675 | 7,025 |
| 2029 | 75,000 | 2.25% | 31,663 | 106,663 | 66,619 | 19,794 | 13,375 | 6,875 |
| 2030 | 110,000 | 2.25% | 29,975 | 139,975 | 100,606 | 19,456 | 13,150 | 6,763 |
| 2031 | 115,000 | 2.25% | 27,500 | 142,500 | 98,806 | 19,119 | 12,925 | 11,650 |
| 2032 | 120,000 | 2.25% | 24,913 | 144,913 | 97,006 | 23,781 | 12,700 | 11,425 |
| 2033 | 120,000 | 2.25% | 22,213 | 142,213 | 95,206 | 23,331 | 12,475 | 11,200 |
| 2034 | 125,000 | 2.38% | 19,513 | 144,513 | 93,406 | 22,881 | 17,250 | 10,975 |
| 2035 | 125,000 | 2.38% | 16,544 | 141,544 | 96,506 | 17,406 | 16,894 | 10,738 |
| 2036 | 135,000 | 2.50% | 13,575 | 148,575 | 99,488 | 22,050 | 16,538 | 10,500 |
| 2037 | 135,000 | 2.50% | 10,200 | 145,200 | 97,238 | 21,550 | 16,163 | 10,250 |
| 2038 | 125,000 | 2.63% | 6,825 | 131,825 | 94,988 | 21,050 | 15,788 | - |
| 2039 | 135,000 | 2.63% | 3,544 | 138,544 | 102,625 | 20,525 | 15,394 | - |
| Totals | 1,945,000 | | 580,265 | 2,525,265 | 1,642,115 | 428,502 | 295,951 | 158,695 |

Issue Summary

Key Dates

| | |
|--------------------------|-----------|
| Dated Date: | 11/5/2019 |
| First Interest Payment: | 4/1/2020 |
| First Principal Payment: | 10/1/2020 |

Cost of Funds Calculations

| | Final | PreSale |
|-----------------------------------|-------------|-----------|
| True Interest Cost (TIC): | 2.62% | 2.58% |
| All Inclusive Cost (AIC): | 2.85% | 2.78% |
| Total Net Principal and Interest: | \$2,525,265 | 2,524,358 |

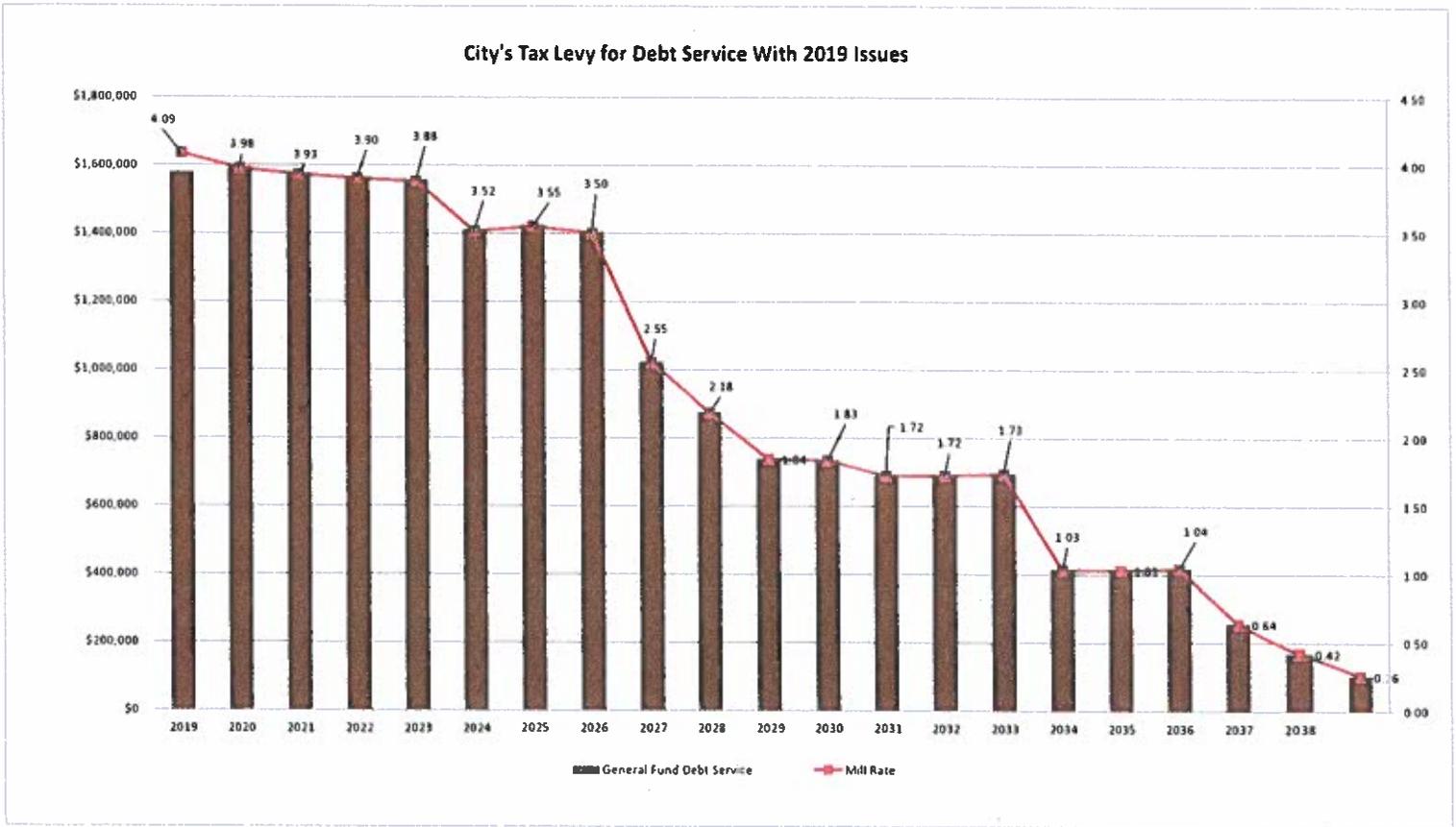
Sources and Uses

| | Total | GF Levy | Water | Sewer | TID 12 |
|------------------------------|--------------------|--------------------|------------------|------------------|------------------|
| Par Amount of Bonds | 1,945,000 | 1,255,000 | 335,000 | 230,000 | 125,000 |
| Reofferring Premium | 25,689 | 13,602 | 6,134 | 4,066 | 1,888 |
| Total Sources | \$1,970,689 | \$1,268,602 | \$341,134 | \$234,066 | \$126,888 |
| Original Issue Discount | 160 | 160 | - | - | - |
| Underwriters Discount | 39,665 | 25,594 | 6,832 | 4,690 | 2,549 |
| Cost of Issuance | 43,864 | 32,195 | 8,115 | 3,555 | - |
| Gross Bond Insurance Premium | 7,000 | 4,552 | 1,188 | 820 | 440 |
| Deposit to Project Fund | 1,880,000 | 1,205,000 | 325,000 | 225,000 | 125,000 |
| Rounding Amount | (0) | 1,101 | - | - | (1,101) |
| Total Uses | \$1,970,530 | \$1,268,442 | \$341,134 | \$234,066 | \$126,888 |

Attachment: Sales Report for Bonds 2019A (distributed at meeting (4621 : Resolution for General Obligation Bonds)

Exhibit 2

For Discussion Only



Attachment: Sales Report for Bonds 2019A (distributed at meeting (4621 : Resolution for General Obligation Bonds)

Prepared by Ehlers

10/16/2019

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING THE ISSUANCE OF
\$1,500,000 GENERAL OBLIGATION PROMISSORY NOTES
AND THE ISSUANCE AND SALE OF
\$1,500,000 NOTE ANTICIPATION NOTES, SERIES 2019B IN ANTICIPATION
THEREOF**

WHEREAS, the Common Council hereby finds and determines that it is necessary, desirable and in the best interest of the City of Merrill, Lincoln County, Wisconsin (the "City") to raise funds for the public purpose of paying project costs in the project plan for the City's Tax Incremental District No. 3 ("TID No. 3"), including financing street improvement projects, trail improvements and the acquisition of land for future development (collectively, the "Project");

WHEREAS, it is the finding of the Common Council that it is necessary, desirable and in the best interest of the City to authorize the issuance of and covenant to issue general obligation promissory notes (the "Securities") to provide permanent financing for the Project;

WHEREAS, the Securities have not yet been issued or sold;

WHEREAS, cities are authorized by the provisions of Section 67.12(1)(b), Wisconsin Statutes, to issue note anticipation notes in anticipation of receiving the proceeds from the issuance and sale of the Securities;

WHEREAS, it is the finding of the Common Council that it is necessary, desirable and in the best interest of the City to authorize the issuance and sale of note anticipation notes pursuant to Section 67.12(1)(b), Wisconsin Statutes (the "Notes"), in anticipation of receiving the proceeds from the issuance and sale of the Securities, to provide interim financing to pay the cost of the Project;

WHEREAS, the City has not yet acquired the land, however, the City expects the purchase price of \$300,000 to be paid with \$150,000 of proceeds of the Notes and \$150,000 with equity of the City on hand (the "City Funds");

WHEREAS, within 18 months of acquiring the land, the City expects to enter into an agreement to sell the land to a private party for future development and will allocate the proceeds of such sale first to the City Funds; and

WHEREAS, it is the finding of the Common Council that it is necessary, desirable and in the best interest of the City to sell the Notes to Bankers' Bank (the "Purchaser"), pursuant to the terms of its proposal attached hereto as Exhibit A and incorporated herein by this reference (the "Proposal").

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that:

Section 1A. Authorization and Issuance of Securities. The City hereby authorizes the issuance and declares its intention and covenants to issue the Securities pursuant to the provisions of Chapter 67, Wisconsin Statutes, in an amount sufficient to retire any outstanding Notes.

Section 1B. Declaration of Official Intent. The City hereby officially declares its intent under Treasury Regulation Section 1.141-4(c)(3)(v) to allocate any sale proceeds received from the sale of the land first to the City Funds.

Section 2. Authorization and Sale of the Notes. In anticipation of the sale of the Securities, for the purpose of paying the cost of the Project, there shall be borrowed pursuant to Section 67.12(1)(b), Wisconsin Statutes, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) from the Purchaser in accordance with the terms and conditions of the Proposal. The Proposal is hereby accepted and the Mayor and City Clerk or other appropriate officers of the City are authorized and directed to execute an acceptance of the Proposal on behalf of the City. To evidence the obligation of the City, the Mayor and City 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 City, the Notes aggregating the principal amount of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) for the sum set forth on the Proposal, plus accrued interest to the date of delivery.

Section 3. Terms of the Notes. The Notes shall be designated "Note Anticipation Notes, Series 2019B"; shall be issued in the aggregate principal amount of \$1,500,000; shall be dated their date of issuance; shall be in the denomination of \$100,000 or more; shall be numbered R-1; shall mature on December 1, 2020; and shall bear interest at the rate per annum as set forth on the schedule attached hereto as Exhibit B and incorporated herein by this reference (the "Schedule"). [Interest shall be payable semi-annually on June 1 and December 1 of each year commencing on June 1, 20____.] 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.

Section 4. Redemption Provisions. The Notes are subject to redemption prior to maturity, at the option of the City, on April 1, 2020 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Section 5. Form of the Notes. The Notes 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. Security. The Notes shall in no event be a general obligation of the City and do not constitute an indebtedness of the City nor a charge against its general credit or taxing power. No lien is created upon the Project or any other property of the City as a result of the issuance of the Notes. The Notes shall be payable only from (a) any proceeds of the Notes set aside for payment of interest on the Notes as it becomes

due and (b) proceeds to be derived from the issuance and sale of the Securities, which proceeds are hereby declared to constitute a special trust fund, hereby created and established, to be held by the City Clerk and expended solely for the payment of the principal of and interest on the Notes until paid. The City hereby agrees that, in the event such monies are not sufficient to pay the principal of and interest on the Notes when due, if necessary, the City will pay such deficiency out of its annual general tax levy or other available funds of the City, including tax increment from TID No. 3; provided, however, that such payment shall be subject to annual budgetary appropriations therefor and any applicable levy limits; and provided further, that neither this Resolution nor any such payment shall be construed as constituting an obligation of the City to make any such appropriation or any further payments.

Section 7. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the City, 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 City 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 2019 Note Anticipation Notes" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. There shall be deposited into the Debt Service Fund Account (i) all accrued interest received by the City at the time of delivery of and payment for the Notes; (ii) any proceeds of the Notes representing capitalized interest on the Notes or other funds appropriated by the City for payment of interest on the Notes, as needed to pay the interest on the Notes when due; (iii) proceeds of the Securities (or other obligations of the City issued to pay principal of or interest on the Notes); (iv) such other sums as may be necessary at any time to pay principal of and interest on the Notes when due and which are appropriated by the Common Council for that purpose, including tax increment from TID No. 3; (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 Notes until all such principal and interest has been paid in full and the Notes canceled; provided that such monies may be invested 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. Said account shall be used for the sole purpose of paying the principal of and interest on the Notes and shall be maintained for such purpose until the Notes are 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 Treasury Regulations (the "Regulations").

(C) Remaining Monies. When all of the Notes 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 City, unless the Common Council directs otherwise.

Section 8. Covenants of the City. The City hereby covenants with the owners of the Notes as follows:

(A) It shall issue and sell the Securities as soon as practicable, as necessary to provide for payment of the Notes;

(B) It shall segregate the proceeds derived from the sale of the Securities into the special trust fund herein created and established and shall permit such special trust fund to be used for no purpose other than the payment of principal of and interest on the Notes until paid. After the payment of principal of and interest on the Notes in full, said trust fund may be used for such other purposes as the Common Council may direct in accordance with law; and,

(C) It shall maintain a debt limit capacity such that its combined outstanding principal amount of general obligation bonds or notes or certificates of indebtedness and the \$1,500,000 authorized for the issuance of the Securities to provide for the payment of the Notes shall at no time exceed its constitutional debt limit.

Section 9. Proceeds of the Notes; Segregated Borrowed Money Fund. The proceeds of the Notes (the "Note Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Notes 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 City and disbursed solely for the purpose or purposes for which borrowed. 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 Notes 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 10. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the City, charged with the responsibility for issuing the Notes, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Notes to the Purchaser which will permit the conclusion that the Notes are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 11. Compliance with Federal Tax Laws. (a) The City represents and covenants that the projects financed by the Notes and the ownership, management and use of the projects will not cause the Notes to be "private activity bonds" within the

meaning of Section 141 of the Code. The City further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Notes including, if applicable, the rebate requirements of Section 148(f) of the Code. The City further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Notes) if taking, permitting or omitting to take such action would cause any of the Notes to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Notes to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the City charged with the responsibility of issuing the Notes shall provide an appropriate certificate of the City certifying that the City can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The City also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Notes provided that in meeting such requirements the City will do so only to the extent consistent with the proceedings authorizing the Notes and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 12. Designation as Qualified Tax-Exempt Obligations. The Notes are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Section 13. Execution of the Notes; Closing; Professional Services. The Notes shall be issued in printed form, executed on behalf of the City by the manual or facsimile signatures of the Mayor and City 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 City 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 Notes may be imprinted on the Notes in lieu of the manual signature of the officer but, unless the City has contracted with a fiscal agent to authenticate the Notes, at least one of the signatures appearing on each Note shall be a manual signature. In the event that either of the officers whose signatures appear on the Notes 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 Notes and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The City hereby authorizes the officers and agents of the City to enter into, on its behalf, agreements and contracts in conjunction with the Notes, 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 Notes is hereby ratified and approved in all respects.

Section 14. Payment of the Notes; Fiscal Agent. The principal of and interest on the Notes shall be paid by Bond Trust Services Corporation, which is hereby appointed as the City's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The City hereby authorizes the Mayor and City Clerk or other appropriate officers of the City to enter a Fiscal Agency Agreement between the City 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 15. Persons Treated as Owners; Transfer of Notes. The City shall cause books for the registration and for the transfer of the Notes to be kept by the Fiscal Agent. The person in whose name any Note 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 Note 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 Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note 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 Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes 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 Note surrendered for transfer.

The City shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

Section 16. Record Date. The 15th day of the calendar month next preceding each interest payment date shall be the record date for the Notes (the "Record Date"). Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the City at the close of business on the Record Date.

Section 17. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Notes eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the City agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the City Clerk or other authorized representative of the City is authorized and directed to execute and deliver to DTC on behalf of the City to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the City Clerk's office.

Section 18. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of the proceeds of the Notes allocable to the payment of issuance expenses to Old National Bank at Closing for further distribution as directed by the City's financial advisor, Ehlers & Associates, Inc.

Section 19. Continuing Disclosure. The Notes 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 Notes are \$100,000 or more and the sale of the Notes 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 20. Record Book. The City 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 Notes in the Record Book.

Section 21. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Common Council 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.

Recommended by: The Common Council
WISCONSIN

CITY OF MERRILL,

Derek R. Woellner
Mayor

Moved: _____

Passed: _____

William N. Heideman
City Clerk

(SEAL)

Attachment: Resolution on GO Notes Series 2019B (4622 : Resolution for Note Anticipation Notes - TID 3)

EXHIBIT A

Proposal

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

EXHIBIT B

Debt Service Schedule

To be provided by Ehlers & Associates, Inc. and incorporated into the Resolution.

(See Attached)

EXHIBIT C

(Form of Note)

| | | |
|------------|--------------------------------------|-------------|
| REGISTERED | UNITED STATES OF AMERICA | DOLLARS |
| | STATE OF WISCONSIN | |
| | LINCOLN COUNTY | |
| NO. R-1 | CITY OF MERRILL | \$1,500,000 |
| | NOTE ANTICIPATION NOTE, SERIES 2019B | |

| | | | |
|------------------|-------------------------|----------------|--------|
| MATURITY DATE: | ORIGINAL DATE OF ISSUE: | INTEREST RATE: | CUSIP: |
| December 1, 2020 | October ____, 2019 | ____% | _____ |

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000)

FOR VALUE RECEIVED, the City of Merrill, Lincoln County, Wisconsin (the "City"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. [Interest shall be payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2020] until the aforesaid principal amount is paid in full. Both the principal of and interest on this Note are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Note is registered on the Bond Register maintained by Bond Trust Services Corporation, Roseville, Minnesota (the "Fiscal Agent") or any successor thereto at the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). This Note is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

This Note is one of an issue of Notes aggregating the principal amount of \$1,500,000, all of which are of like tenor, except as to denomination, issued by the City pursuant to the provisions of Section 67.12(1)(b), Wisconsin Statutes, in anticipation of the sale of general obligation promissory notes (the "Securities"), to provide interim financing for the public purpose of paying project costs in the project plan for the City's Tax Incremental District No. 3, including financing street improvement projects, trail improvements and the acquisition of land for future development (collectively, the "Project"), as authorized by a resolution adopted on October 16, 2019. Said resolution is recorded in the official minutes of the Common Council for said date.

This Note shall be payable only from (a) any proceeds of the Notes set aside for payment of interest on the Notes as it becomes due and (b) proceeds to be derived from the issuance and sale of the Securities, which proceeds have been declared to constitute a special trust fund to be held by the City Clerk and expended solely for the payment of the principal of and interest on the Notes until paid.

The City has authorized the issuance of the Securities and has covenanted to issue the Securities in an amount sufficient to repay the Notes pursuant to said resolution. **THE NOTES ARE NOT A GENERAL OBLIGATION OF THE CITY AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION NOR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. NO LIEN IS CREATED UPON THE PROJECT OR ANY OTHER PROPERTY OF THE CITY AS A RESULT OF THE ISSUANCE OF THE NOTES.**

The Notes are subject to redemption prior to maturity, at the option of the City, on April 1, 2020 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

In the event the Notes are redeemed prior to maturity, as long as the Notes are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Notes of a maturity are to be called for redemption, the Notes of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation and date of the Notes called for redemption, CUSIP number, and the date of redemption. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Notes shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Notes shall no longer be deemed to be outstanding.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time. The City has authorized and covenanted to issue and sell the Securities, the sale of which this Note anticipates, as soon as practicable and to set aside the proceeds of the Securities into a special trust fund for the payment of the principal of and interest on this Note.

This Note has been designated by the Common Council as a "qualified tax-exempt obligation" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note is transferable only upon the books of the City kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Notes, and the City appoints another depository, upon surrender of the Note to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Note in the same aggregate principal amount (but in no event in a denomination less than \$100,000) shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the City for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Notes (i) after the Record Date, (ii) during the fifteen (15) calendar days preceding the date of any publication of notice of any proposed redemption of the Notes, or (iii) with respect to any particular Note, after such Note has been called for redemption. The Fiscal Agent and City may treat and consider the Depository in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Notes are issuable solely as negotiable, fully-registered Notes without coupons in the denomination of \$100,000 or more.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

This Note shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Fiscal Agent.

IN WITNESS WHEREOF, the City of Merrill, Lincoln County, Wisconsin, by its governing body, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

CITY OF MERRILL
LINCOLN COUNTY, WISCONSIN

By: _____
Derek R. Woellner
Mayor

(SEAL)

By: _____
William N. Heideman
City Clerk

Attachment: Resolution on GO Notes Series 2019B (4622 : Resolution for Note Anticipation Notes - TID 3)

Date of Authentication: _____, _____

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue authorized by the within-mentioned resolution of the City of Merrill, Lincoln County, Wisconsin.

BOND TRUST SERVICES
CORPORATION,
ROSEVILLE, MINNESOTA

By _____
Authorized Signatory

Attachment: Resolution on GO Notes Series 2019B (4622 : Resolution for Note Anticipation Notes - TID 3)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(e.g. Bank, Trust Company or Securities Firm)

(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)

Attachment: Resolution on GO Notes Series 2019B (4622 : Resolution for Note Anticipation Notes - TID 3)



October 16, 2019

Sale Day Report for:

City of Merrill, Wisconsin
\$1,500,000 Note Anticipation Notes, Series 2019B



Prepared by:

Brian Reilly, CIPMA
Senior Municipal Advisor

Sean Lentz, CIPMA
Senior Municipal Advisor

Josh Low,
Financial Specialist

Attachment: Sales Report for Notes 2019B (distributed at meeting (4622 : Resolution for Note Anticipation Notes - TID 3)

Sale Day Report – October 16, 2019

City of Merrill, Wisconsin
\$1,500,000 Note Anticipation Notes, Series 2019B

Purpose: To provide interim financing for the City's Tax Increment District No. 3.

Negotiated Bid: **Negotiated Bid**
(NIC as bid) 2.3603%

| Summary of Sale Results: | |
|---------------------------------|-------------|
| Principal Amount: | \$1,500,000 |
| Underwriter's Discount | \$7,500 |
| Net Interest Cost: | 2.3603% |
| Costs of Issuance: | \$26,385 |
| Total Net P&I | \$1,530,954 |

Notes: Bond Trust Services Corporation, Roseville, Minnesota will serve as Paying Agent on the Notes.

The Notes maturing December 1, 2020 and thereafter are callable April 1, 2020 or any date thereafter.

Closing Date: October 30, 2019

Common Council Action: Adopt a resolution awarding the sale of \$1,500,000 Note Anticipation Notes, Series 2019B.

Attachments:

- Bid Tabulation
- Sources and Uses of Funds
- Updated Debt Service Schedules

Attachment: Sales Report for Notes 2019B (distributed at meeting (4622 : Resolution for Note Anticipation Notes - TID 3)



Sale Day Report
City of Merrill, Wisconsin
October 16, 2019



BID TABULATION

\$1,500,000 Note Anticipation Notes, Series 2019B

City of Merrill, Wisconsin

SALE: October 16, 2019

AWARD: BANKERS' BANK

Non-Rated

Tax Exempt - Bank Qualified

| NAME OF BIDDER | MATURITY (December 1) | RATE | PRICE | NET INTEREST COST | NET INTEREST RATE |
|-------------------------------------|--------------------------|--------|----------------|-------------------------|-------------------------|
| BANKERS' BANK Madison, Wisconsin | 2020 | 1.900% | \$1,492,500.00 | \$38,454.17 | 2.3603% |

Attachment: Sales Report for Notes 2019B (distributed at meeting (4622 : Resolution for Note Anticipation Notes - TID 3)

City of Merrill, WI

\$1,500,000 Note Anticipation Notes, Series 2019B

Sources & Uses

Dated 10/30/2019 | Delivered 10/30/2019

Sources Of Funds

| | |
|----------------------|-----------------------|
| Par Amount of Bonds | \$1,500,000.00 |
| Total Sources | \$1,500,000.00 |

Uses Of Funds

| | |
|---------------------------------------|-----------------------|
| Total Underwriter's Discount (0.500%) | 7,500.00 |
| Costs of Issuance | 26,385.00 |
| Deposit to Project Construction Fund | 1,466,115.00 |
| Total Uses | \$1,500,000.00 |

Attachment: Sales Report for Notes 2019B (distributed at meeting (4622 : Resolution for Note Anticipation Notes - TID 3)



City of Merrill, WI

\$1,500,000 Note Anticipation Notes, Series 2019B

Debt Service Schedule

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|--------------|-----------------------|----------|--------------------|-----------------------|--------------|
| 10/30/2019 | - | - | - | - | - |
| 12/01/2020 | 1,500,000.00 | 1.900% | 30,954.17 | 1,530,954.17 | - |
| 12/31/2020 | - | - | - | - | 1,530,954.17 |
| Total | \$1,500,000.00 | - | \$30,954.17 | \$1,530,954.17 | - |

Yield Statistics

| | |
|-----------------------------------|-------------|
| Bond Year Dollars | \$1,629.17 |
| Average Life | 1.086 Years |
| Average Coupon | 1.9000002% |
| Net Interest Cost (NIC) | 2.3603583% |
| True Interest Cost (TIC) | 2.3559424% |
| Bond Yield for Arbitrage Purposes | 1.8895315% |
| All Inclusive Cost (AIC) | 4.0243653% |

IRS Form 8038

| | |
|---------------------------|-------------|
| Net Interest Cost | 1.9000002% |
| Weighted Average Maturity | 1.086 Years |