



MARATHON COUNTY HUMAN RESOURCES, FINANCE & PROPERTY COMMITTEE MEETING AGENDA

Date & Time of Meeting: **Monday, November 11, 2019; 3:00 p.m.**

Meeting Location: **Marathon County Courthouse, County Board Assembly Room 500 Forest Street, Wausau WI 54403**

Members: **EJ Stark, Chair; Bill Miller, Vice-Chair; Tim Buttke, John Durham, Kurt Gibbs, Yee Leng Xiong, Jeff Zriny**

Marathon County Mission Statement: Marathon County Government serves people by leading, coordinating, and providing county, regional, and statewide initiatives. It directly, or in cooperation with other public and private partners, provides services and creates opportunities that make Marathon County and the surrounding area a preferred place to live, work, visit, and do business. (Last updated: 12/20/05)

Human Resources, Finance & Property Committee Mission/Purpose: Provide leadership for the implementation of the County Strategic Plan, monitoring outcomes, reviewing and recommending to the County Board policies related to the human resources initiatives, finance and property of the County.

1. Call to Order-Please silence your cellphones
2. Public Comment Period
3. Approval of the Minutes of the October 14, 2019 Human Resources, Finance and Property Committee Meeting
4. Educational Presentations/Outcome Monitoring Reports
 - A. 2019 Audit preparation, timeline and review of procedures-Palmer
5. Operational Functions required by Statute, Ordinance, or Resolution:
 - A. Discussion and Possible Action by Human Resources and Finance and Property Committee
 1. Approval of the October 2019 Claims and Questioned Costs-Palmer
 2. Budget Transfers-Social Services
 - B. Discussion and Possible Action by Committee to Forward to the County Board for its consideration
 1. Resolution in Support of Wisconsin Assembly Bill 301/Senate Bill 268-Palmer
 2. Resolution Awarding the Sale of \$9,590,000 General Obligation Promissory Notes, Series 2019A-Palmer
6. Policy Issues Discussion and Committee Determination
 - A. Discussion of Indirect Costs and Cost Recovery of Services-Karger
7. Announcements:

Next Meeting Date-November 18, 2019 at 3:00 p.m.
8. Adjourn

Any person planning to attend this meeting who needs some type of special accommodation in order to participate should call the County Clerk's Office at 715 261-1500 or e-mail infomarathon@mail.co.marathon.wi.us one business day before the meeting.

Faxed to: Wausau Daily Herald
Faxed to: City Pages
Faxed to: Record Review
Faxed by/time: K Palmer 11/7/2019 4:15 pm
Posted to the County Website:

SIGNED EJ STARK/s/K Palmer
Presiding Officer or Designee

NOTICE POSTED AT THE COURTHOUSE
By/Date/Time: K Palmer 11/7/2019 4:15pm
www.co.marathon.wi.us



MARATHON COUNTY HUMAN RESOURCES, FINANCE & PROPERTY COMMITTEE MEETING MINUTES

Date & Time of Meeting: **Monday, October 14, 2019; 3:00 p.m.**

Meeting Location: **Marathon County Courthouse, County Board Assembly Room 500 Forest Street, Wausau WI 54403**

Members: **EJ Stark, Chair; Bill Miller, Vice-Chair; Tim Buttke, John Durham, Kurt Gibbs, Yee Leng Xiong-excused, Jeff Zriny**

Others: Supervisor McEwen, Supervisor Rosenberg, Supervisor Robinson, Kristi Palmer, Brad Karger, Scott Corbett, Theresa Wetzsteon, Michael Lotter, Connie Heidemann, Representative Snyder, Alicia Richmond, Brian Kowalski, Becky Frisch, Audrey Jensen, Lance Leonhard, Molly Bennett, Frank Matel, Jamie Polley, Peter Weinschenk

1. Call to Order by Supervisor Stark at 3:00 pm
2. Public Comment Period –Connie Heidemann is with the Marathon County Literacy Council (MCLC) and spoke in regards to the (MCLC) and the services that this organization provides. They work with the Joseph project, LEANA project, Salvation Army, Community Clubhouse and other organizations. Ms. Heidemann stated MCLC can get a \$5,000 Dudley Foundation grant if the County matches the \$5,000.
3. Approval of the Minutes of the October 7, 2019 Human Resources, Finance and Property Committee Meeting Motion Buttke and seconded by Zriny to approve the minutes from October 7, 2019; vote unanimous
4. Educational Presentations/Outcome Monitoring Reports

A. 2020 Budget

1. New Position Request for the District Attorney-Paralegal

There are offenders from different states that the DA's office needs to check on the charges from the other states. For this reason, we would need the paralegal in the DA's office. The paralegal could be doing checks for offenders to get their driver's license back. The restorative justice program is another program that the County approved and it takes a lot of time. They are felony offenders that get a better deal if they go through this program. This program saves jail bed days, we can't continue to stretch our prosecutors and the savings does not go the District Attorney's office.

2. Request of the District Attorney (DA) for the County to fund One Assistant District Attorney Position in 2020

District Attorney requested that Representative Snyder speak to the State funding of 3.5 positions for Marathon County. There was no objections from the committee. The legislature requested funding for 4.5 Assistant District Attorneys (ADA). The final state funding was 3.5 FTEs for Marathon County. DA Wetzsteon stated that the drug court is not mandated and takes up a lot of time for her staff. If the District Attorney does not have enough staff than she may pull her staff from drug court and there will be no drug court. The Federal Drug prosecutor in the DA's offices works with the drug task force and it takes a lot of time. We went paperless when we had no time, we can't stop the number of cases that come to our office. My staff has to do its core work and pull back from some of these initiatives.

Miller-I respect you for the job you have done, At the Finance Committee at the airport there is a number of staff members that were part of your department? Wetzsteon-The Federal drug prosecutors was there and the office manager if there were questions. People in my office are very upset.

- B. Impact of senate bill 458 (Assembly bill 470) on Marathon County Judicial Staffing Needs and Court Costs-Leonhard stated that the infrastructure is ready in place in case there is an additional judge approved as early as August 2020. No formal action taken
5. Operational Functions required by Statute, Ordinance, or Resolution:
 - A. Discussion and Possible Action by Human Resources and Finance and Property Committee-None
 - B. Discussion and Possible Action by Committee to Forward to the County Board for its consideration
 1. Discussion and Possible Action by Committee-2019 Interdepartmental Transfers-None
 - 2) County Board Salaries for Next Term Office 2020-2022-Matel-Follow up from October 7 Motion by Gibbs and seconded by Durham to move forward to the full board the changes as provided in the packet as Rule 19; vote unanimous



MARATHON COUNTY HUMAN RESOURCES, FINANCE & PROPERTY COMMITTEE MEETING MINUTES

Date & Time of Meeting: **Monday, October 14, 2019; 3:00 p.m**

3) Discussion and Possible Action-County Administrator's 2020 County Budget-Karger

a. Review County Administrator's 2020 Budget Message

Karger went through his 2020 Budget Letter with the Committee. My recommendation is that if you get an award from the opioid court case (lawsuit) you can put that back in the working capital fund. It is important to all of us.

The contingency fund is low at \$550,000 and that it looked better at \$700,000. Be very cautious on adding anything new to this budget. I (Karger) was able to find money to fund 4 of the 6 positions for the Sheriff Communications budget. This was a top priority of the board for 2019. I am going to recommend an amendment to the District Attorney's office staffing to change one County position from an Administrative Coordinator to a paralegal and the funding would come from the County Administrator developing program that we can charge other governments for organizational excellence. Health Insurance rates have gone up and there will be plan changes to keep the 5% health insurance increase instead of the 9% recommended premium increase from GHT. The proposed plan design changes will come in co-pays and out of pocket maximum. I encourage the committee to roll back the county board compensation to 2% and put the savings in broadband.

Support for other services-The Executive Committee recommended to cut the funding of non-profits by 25%. This was included in the 2020 budget. Since that time, there are three additional funding requests. The mediation request of \$15,000 was added to budget by reducing the jail budget.

The County lives under the levy caps, our best strategy is to talk to the legislators about levy caps and what options that we could have that would mean that we can levy a tax instead of borrowing for projects. The contingency fund should be \$700,000 but we cannot afford that so it is at \$550,000.

Questions from the Committee-What about billing for the private alarms? This is going to the Board this month and is a part of the budget? Zriny-Theresa's comments were compelling and what she has to deal with in the District Attorney's office. We might have to look at some of programs and look at the District Attorney's issues. Stark-What if they stop doing some of the things that they are doing?

Corbett-Ask any questions for the Administrator and you can accept the budget and you can then amend it as your own budget.

How much do you need to add to the District Attorney's budget? Wetzsteon- The average that we have been paying for the attorney's is \$67,000. A legal secretary at midpoint would about \$76,000. Gibbs-Public Safety still says the number one priority is opening the (911) channel and they need to have dispatchers to open the channel. They have heard these issues as well and their number one priority is still dispatchers.

Stark-What if we reduce Start Right and can demonstrate a reduction in out of jail time and move the money back to start right if there is a saving? The Health and Human Services Committee stated that cutting Start Right would be a terrible idea when this was brought up several years ago.

Zriny-Start Right was a service that was thrust upon people even if they did not ask for the service. Rosenberg-I don't know if that was factual. Gibbs-This might have happened in the past but I do not believe it is happening at this time.

County Administration is willing to make a change to the District Attorney's office which is an upgrade from one established position from a legal secretary to a paralegal.

b. Review the 2020 Budget- 5 Year Department and Support for Other Agency Budget Comparison

Palmer went over the department budgets for 2020.

c. Review and Approve the 2020 Capital Improvement Plan with Funding-Palmer

d. Review and Accept the County Administrator's Recommended 2020 Budget including the 2020 Capital Improvements Program



MARATHON COUNTY HUMAN RESOURCES, FINANCE & PROPERTY COMMITTEE MEETING MINUTES

Date & Time of Meeting: **Monday, October 14, 2019; 3:00 p.m**

Motion by Gibbs and seconded by Buttke to recommend one change to the County Administrator 2020 budget that County Board salaries for 2020-2021 be increased at a zero rate (0%) and put the savings into the Broadband project; vote unanimous

Motion by Gibbs and seconded by Miller to accept the 2020 County Administrator budget with the one amendment

Karger-I have made a proposed amendment to my budget that the legal secretary in the DA's office to a paralegal and I will add revenues to my Organizational Excellence for local government services.

Gibbs I withdraw my motion and Miller withdraws the second

Motion by Gibbs and seconded by the Buttke to approve the additional amendment to the 2020 County Administrator's budget to increase revenue for Organizational Excellence and increase the wages and benefits in the DA's office from a legal secretary to a paralegal as part of the County Administrator's budget; vote unanimous

Zriny-What if we took \$100,000-\$200,000 out of Start Right to fund the two position in the District Attorney's office? Karger-If you take this amount out of a program, there will be layoffs, people will lose their jobs. Gibbs-Before I can take funds out of another budget, then I would want to hear what the negative effects are of cutting the funding. Until we actually know what the effect are it would be bad for us to make that decision. There are departments that we have not filled all of the needs for, we have not funded the dispatchers, and we did not add a full time position for the Treasurer or CPZ. I have a reluctance to reduce a program significantly without knowing the impact. I am not comfortable stating that the State has done its job (funding the state DA positions).

Theresa-I think this ignores the Public Safety Committee, you already know what the negative impacts are that we are short (in the District Attorney's office). The DA as already be in this position and the county already knows what the impact will be and to not take action on the DA's request is to ignore and not accept what the County has already agreed to.

Gibbs- I cannot accept a budget reduction of \$200,000 to Start Right without knowing the negative impact to Start Right. I cannot accept a change of that significance without knowing the impact. Stark-No matter how distasteful it is to cut Start Right, I do not see how this is catastrophic on that program and I see the need at the DA's office.

Motion by Gibbs and seconded by Miller to accept the County Administrator's 2020 budget to the HRFC committee with the two additional amendment as approved and the rest of the County Administrator's 2020 budget as built; vote unanimous

Gibbs-I suggest that you move this discussion to the County Board. The full Board should weigh in on something like this (very important). Karger-If you have it (a meeting) next week, I will have the staff (from Start Right) come and instead of the standing committees being able to discuss this with you. Gibbs-If you are going to make a change then the full board should weigh in on the change. What is the tradeoff (We are going to reduce start Right by \$200,000 and what is the tradeoff).

Motion to move it to the County Board and you can amend it or move to (the 2020 budget) to County Board.

4) Discussion and Possible Action by the Committee-Resolution 2020 Budget and Property Tax Levy-Palmer

Motion by miller and seconded by Gibbs to forward the 2020 Budget to County Board; Vote 5 ayes, 1 nay

Stark-Can you (Karger) bring this to interested parties to discuss at the full Board? Karger-I can let the Health Officer that this is coming but this is a policy discussion and that should come from the HRFC Chair to the Health and Human Services Committee Chair. Gibbs we used to have a special



MARATHON COUNTY HUMAN RESOURCES, FINANCE & PROPERTY COMMITTEE MEETING MINUTES

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meeting of the finance Committee to the County Board but it was poorly attended. I can call a special meeting of the Committee for the County Board to attend if needed.

Motion Gibbs and seconded by Buttke to accept the 2020 CIP plan and forward to County Board; vote unanimous

- 5) Initial Resolution authorizing not to exceed \$2,200,000 General Obligation Bonds or Promissory Notes for the Marathon County Jail Emergency Repairs

Lotter explained that the concrete in the jail did not meet specification and there will be additional costs that will need to be made to finish the emergency repairs

Gibbs-I would recommend that we increase the Initial Resolution authorizing not to exceed \$2,200,000 General Obligation Bonds or Promissory Notes for the Marathon County Jail Emergency Repairs to not to exceed \$2,700,000 in order to include the additional costs to finish the project.

Motion by Gibbs and seconded by Durham to amend the “not to exceed \$2,700,000” instead of \$2,200,000 for the Initial Resolution; vote unanimous

Motion by Gibbs and seconded by Zriny to approve the Initial Resolution as amended; vote unanimous

- 6) Resolution Declaring Official Intent to Reimbursement Expenditures for the Marathon County Jail Emergency Repairs

Motion by Gibbs and seconded by Zriny to approve reimbursement resolution and change section 2 to read \$2,700,000; vote unanimous

- 7) Resolution Providing for the Sale of Not to Exceed \$9,090,000 General Obligations Corporate Purpose Notes, Series 2019A

Motion by Gibbs and seconded Miller by that the changes as described as stated by the Finance Director \$9,590,000 and the changes as discussed and approve the resolution; vote unanimous

6. Policy Issues Discussion and Committee Determination-None

7. Announcements:

Next Meeting Date-November 11 at 3:00 pm CHANGE OF DATE

8. Adjourn-Motion by Gibbs and seconded by Miller to adjourn at 6:35 pm

RESOLUTION # R-_____ - 19
APPROVE 2019 BUDGET TRANSFERS FOR MARATHON COUNTY
DEPARTMENT APPROPRIATIONS

WHEREAS, Section 65.90(5)(a) dictates that appropriations in the Marathon County budget may not be modified unless authorized by a vote of two-thirds of the entire membership of the County Board of Supervisors, and

WHEREAS, the Human Resources, Finance and Property Committee has reviewed and does recommend the 2019 transfers listed below, and

NOW, THEREFORE, BE IT RESOLVED the Marathon County Board of Supervisors authorize and direct the budget transfers as listed below:

| | |
|----------------|---|
| Transfer from: | Social Services 176 501 82453 State Grant and Aid |
| Transfer to: | Social Services 176 50197173 Direct payments-Youth Aids/Purchased Srv |
| Amount: | \$38,000 |
| Re: | State of Wisconsin allocation for Youth Aids |

That a Class 1 Notice of this transaction be published within (10) days of its adoption;

BE IT FURTHER RESOLVED that the County Board of Supervisors hereby authorizes and directs the Marathon County Clerk to issue checks pursuant to this resolution and the Marathon County Treasurer to honor said checks.

BE IT FURTHER RESOLVED that the proper officers of Marathon County are hereby authorized and directed to take all actions necessary to effect this policy.

Respectfully submitted this 14th day of November 2019.

HUMAN RESOURCES, FINANCE AND PROPERTY COMMITTEE

Fiscal Note: This resolution modifies the revenues and expenditures for various County funds. There is no additional County levy appropriated in this resolution.

MARATHON COUNTY
Budget Transfer Authorization Request Form

This form must be completed electronically and emailed to **Alicia Richmond** and to your Department Head. This email will confirm that your Department Head acknowledges approval of this transfer. Forms that are incomplete, incorrect, out-of-balance, or that have not been sent to your Department Head will be returned. The Finance Department will forward completed forms to the Marathon County Human Resources, Finance & Property Committee.

DEPARTMENT: Social Services

BUDGET YEAR: 2019

TRANSFER FROM:

| Action | Account Number | Account Description | Amount |
|------------------|----------------|------------------------------|----------|
| Revenue Increase | 176 501 8 2453 | SPECIAL SERV-STATE GRT & AID | \$38,000 |

TRANSFER TO:

| Action | Account Number | Account Description | Amount |
|----------------------|----------------|-----------------------------|----------|
| Expenditure Increase | 176 501 9 7173 | DIR PYMNTS-YOUTH AIDS/PURCH | \$38,000 |

I, the undersigned, respectfully request that the Human Resources, Finance & Property Committee approve the following change in budget / transfer of funds as discussed in the attached supplemental information.

Requested By: COLEEN B. KRASOWSKI

Date Completed: 10/8/2019

COMPLETED BY FINANCE DEPARTMENT:

Approved by Human Resources, Finance & Property Committee: _____

Date Transferred: _____

MARATHON COUNTY
Budget Transfer Authorization Request – Supplemental Information

Attach this supplemental information to the original Budget Transfer Authorization Request Form. All questions must be completed by the requesting department, or the Budget Transfer Authorization Request Form will be returned.

1) What is the name of this Program/Grant? (DO NOT use abbreviations or acronyms)

Youth Justice Infrastructure Development

2) Provide a brief (2-3 sentence) description of what this program does.

To effectively use the State of Wisconsin underspent funding to support youth justice infrastructure projects, the Department of Children and Families will distribute \$38,000 to each county under current contract provisions for Youth Aids. Each county will be assessed \$38,000 for Youth Specific Case Management System (eWiSACWIS) development fee through the existing contract and eWiSACWIS fee provisions in calendar year 2019. The net contract amendment effect is \$0.

3) This program is: (Check one)

An Existing Program.

A New Program.

4) What is the reason for this budget transfer?

Carry-over of Fund Balance.

Increase/Decrease in Grant Funding for Existing Program.

Increase/Decrease in Non-Grant Funding (such as tax levy, donations, or fees) for Existing Program.

Set up Initial Budget for New Grant Program.

Set up Initial Budget for New Non-Grant Program

Other. Please explain: [Click here to enter description](#)

5) If this Program is a Grant, is there a "Local Match" Requirement?

This Program is not a Grant.

This Program is a Grant, but there is no Local Match requirement.

This Program is a Grant, and there is a Local Match requirement of: (Check one)

Cash (such as tax levy, user fees, donations, etc.)

Non-cash/In-Kind Services: (Describe) [Click here to enter description](#)

6) Does this Transfer Request increase any General Ledger 8000 Account Codes? (Capital Outlay Accounts)

No.

Yes, the Amount is Less than \$30,000.

Yes, the Amount is \$30,000 or more AND: (Check one)

The capital request HAS been approved by the CIP Committee.

The capital request HAS NOT been approved by the CIP Committee.

COMPLETED BY FINANCE DEPARTMENT:

Is 10% of this program appropriation unit or fund? No

Is a Budget Transfer Resolution Required? Yes



Marathon County
500 Forest Street
Wausau, WI 54403

November 14, 2019

RE: Support for Assembly Bill 301/Senate Bill 268

Dear Wisconsin State Legislators,

On behalf of Marathon County, I am writing to you to express our support for Assembly Bill 301/Senate Bill 268, which extends the expenditure period for Tax Increment District #2 (TID #2) in the Village of Kronenwetter.

As an overlying taxing jurisdiction, we are familiar with TID #2 and have worked in partnership with the Village of Kronenwetter since 2004 to oversee the success of TID #2. Since its inception, TID #2 has created over 39 million dollars in new equalized value.

We understand that this legislation will extend the expenditure period and life of the district by five additional years, which will allow the Village of Kronenwetter to continue its investment and promote industrial development of the TID. Marathon County will directly benefit from the additional growth in equalized value created during the extension.

Therefore, Marathon County strongly urges you to support Assembly Bill 301/Senate Bill 268 when it comes before you for a vote.

Sincerely,

Marathon County Chairman Kurt Gibbs
Marathon County
500 Forest Street
Wausau, WI 54403
715 261 1401
Kurt.Gibbs@co.marathon.wi.us

RESOLUTION #R-___-19

Support for Wisconsin Assembly Bill 301/Senate Bill 268

WHEREAS, Marathon County supports the economic vitality of the County as a whole and its municipalities; and

WHEREAS, the Village of Kronenwetter has developed Tax Incremental Districts within its boundaries to support economic development and job growth; and

WHEREAS, the Village of Kronenwetter has requested that legislation be passed to extend the expenditure period and life of the district by five additional years; and

WHEREAS, which will allow the Village of Kronenwetter to continue its investment and promote industrial development of the TID. Marathon County will directly benefit from the additional growth in equalized value created during the extension; and

NOW, THEREFORE BE IT RESOLVED, Marathon County strongly urges the Legislature to support Assembly Bill 301/Senate Bill 268 when it comes before you for a vote

BE IT FURTHER RESOLVED, that the legislature accept the letter of support attached to this resolution as documentation of Marathon County's support for Assembly Bill 301/Senate Bill 268

Respectfully submitted this 14th day of September 2019.

HUMAN RESOURCES, FINANCE AND PROPERTY COMMITTEE

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Fiscal Note: This resolution has no direct fiscal impact on the County



| REVENUES | TID 2 |
|--|---------------------|
| Total Revenues to Date: | \$10,623,895 |
| Total TID Borrowing to Date: | \$27,295,598 |
| Total Borrowings and Revenues Combined: | \$37,919,493 |

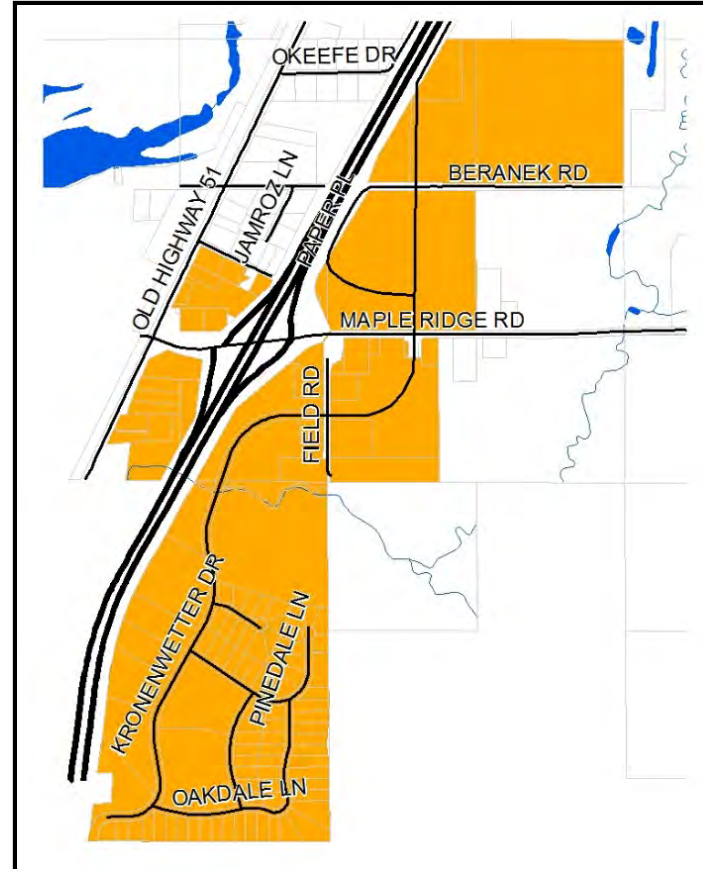
| EXPENSES | TID 2 |
|---|---------------------|
| Life to Date Expenses: | \$8,353,202 |
| Total Debt Service Principal Payments Life to Date: | \$24,467,598 |
| Total Debt Service Interest Payments Life to Date: | \$3,133,018 |
| Total Expenses and Interest & Principal Payments Combined: | \$35,953,818 |

| CURRENT DEBT | TID 2 |
|---|--------------------|
| Total TID Borrowing to Date: | \$27,295,598 |
| Total Debt Service Payments Life to Date: | \$24,437,22 |
| Current Debt: | \$2,828,000 |

| FUND BALANCE | TID 2 |
|--------------------------------------|--------------------|
| Jan. 1, 2018 Beginning Fund Balance: | \$1,768,075 |
| 2018 Total Revenue | \$533,895 |
| 2018 Total Expenses | \$306,336 |
| Dec. 31, 2018 Fund Balance: | \$1,995,634 |

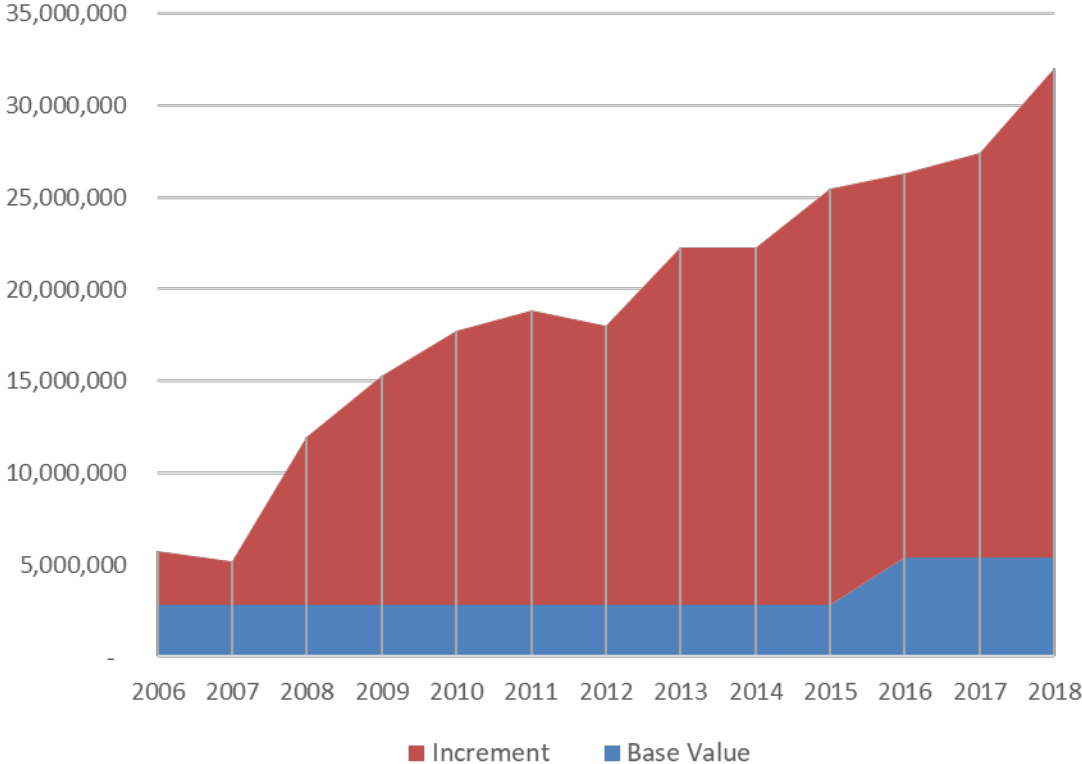
Tax Increment District #2

- Mixed Use TID
- Created in 2004
- 331.16 acres.
- Adjacent to I-39 with Kronenwetter Dr providing access
- JX Truck Center, Timber Creek Apartments, Premier Glade Apartments



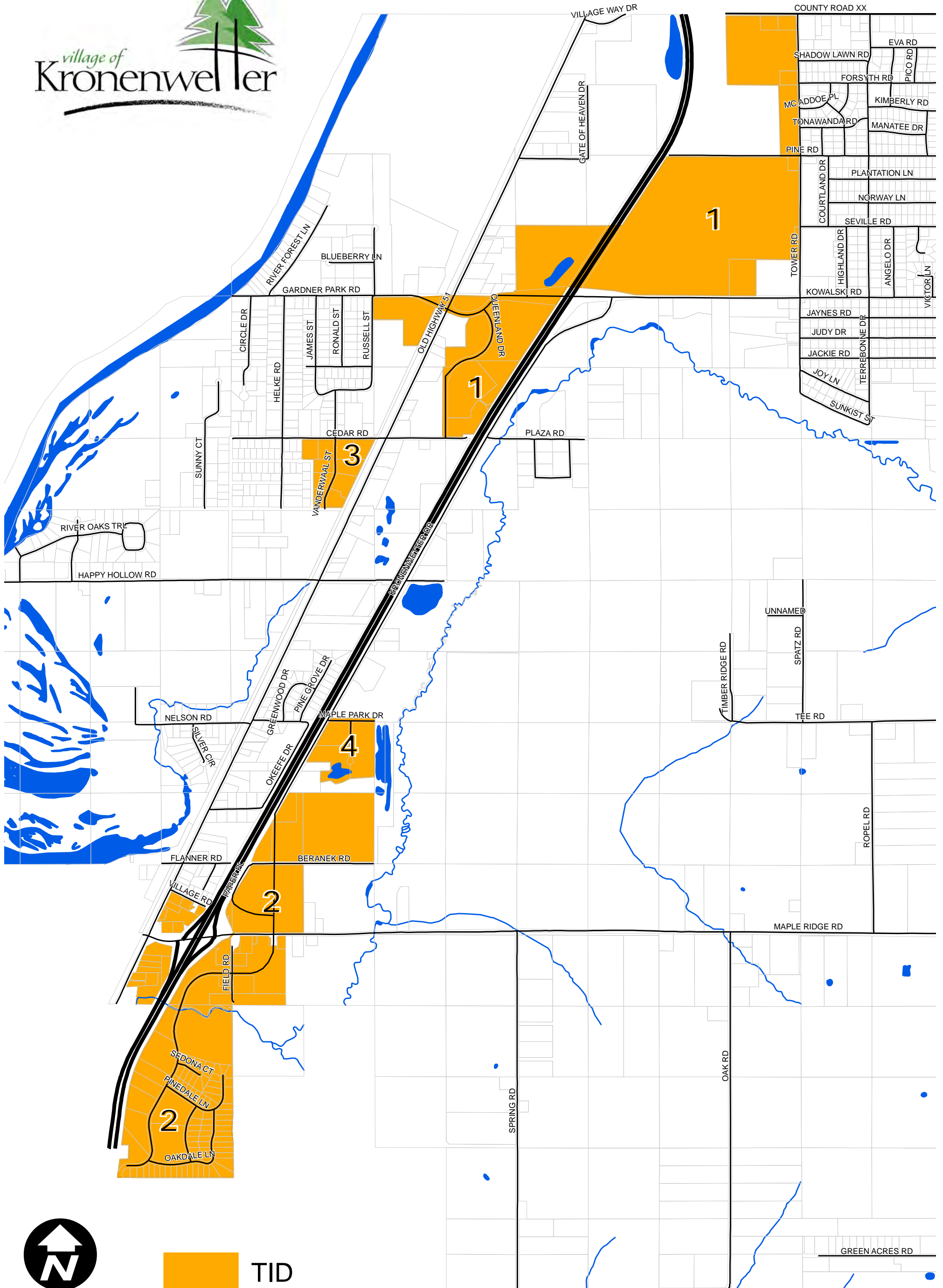
TID 2 Total Value

Base Value: \$2,851,400



| Year | Increment | Total Value |
|------|--------------|--------------|
| 2006 | \$2,911,900 | \$5,763,300 |
| 2007 | \$2,349,000 | \$5,200,400 |
| 2008 | \$9,110,600 | \$11,962,000 |
| 2009 | \$12,469,200 | \$15,320,600 |
| 2010 | \$14,867,100 | \$17,718,500 |
| 2011 | \$15,981,800 | \$18,833,200 |
| 2012 | \$15,153,700 | \$18,005,100 |
| 2013 | \$19,422,900 | \$22,274,300 |
| 2014 | \$19,443,100 | \$22,294,500 |
| 2015 | \$22,608,200 | \$25,459,600 |
| 2016 | \$20,877,500 | \$26,276,100 |
| 2017 | \$21,995,400 | \$27,394,000 |
| 2018 | \$26,607,600 | \$32,006,200 |

TID BOUNDARY MAP VILLAGE OF KRONENWETTER



RESOLUTION NO. _____

RESOLUTION AWARDING THE SALE OF
\$9,590,000 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2019A

WHEREAS, on September 19, 2017, the County Board of Supervisors of Marathon County, Wisconsin (the "County") adopted an initial resolution, by a vote of at least 3/4 of the members-elect, authorizing the issuance of general obligation bonds in an amount not to exceed \$3,400,000 for the public purpose of financing the construction and equipping of a new warm water therapy pool at the North Central Health Care Facility ("NCHC") located in the County;

WHEREAS, on June 19, 2018, the County Board of Supervisors adopted an initial resolution, by a vote of at least 3/4 of the members-elect, authorizing the issuance of general obligation bonds or promissory notes in an amount not to exceed \$67,000,000 for the public purpose of financing NCHC Master Facility Plan projects, including the design and construction of building additions, renovations and landscaping to the NCHC Center and Mount View Care Center campus;

WHEREAS, on February 19, 2019 the County Board of Supervisors adopted an initial resolution, by a vote of at least 3/4 of the members-elect, authorizing the issuance of general obligation promissory notes in an amount not to exceed \$2,295,000 for the public purpose of financing 2019 Capital Improvement Plan projects, including County highway projects, acquisition of highway equipment and equipment for the Sheriff's department, improvements to County buildings and park and recreation projects;

WHEREAS, on October 22, 2019, the County Board of Supervisors adopted an initial resolution authorizing the issuance of general obligation promissory notes in an amount not to exceed \$2,700,000 for the public purpose of financing emergency repairs at the Marathon County Jail;

WHEREAS, the initial resolutions described above are collectively referred to herein as the "Initial Resolutions", and the projects authorized by the Initial Resolutions are collectively referred to herein as the "Project";

WHEREAS, on October 22, 2019, the County Board of Supervisors of the County also adopted a resolution (the "Set Sale Resolution"), providing that a portion of the general obligation bond and promissory note issues authorized by the Initial Resolutions be combined, issued and sold as a single issue of general obligation promissory notes designated as "General Obligation Promissory Notes, Series 2019A" (the "Notes") for the purpose of paying costs of the Project;

WHEREAS, pursuant to the Set Sale Resolution, the County directed PFM Financial Advisors LLC ("PFM") to take the steps necessary to sell the Notes;

WHEREAS, PFM, in consultation with the officials of the County, prepared an Official 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 Notes and indicating that the Notes would be offered for public sale on November 14, 2019;

WHEREAS, the County Clerk (in consultation with PFM) caused notice of the sale of the Notes to be published and/or announced and caused the Official Notice of Sale to be distributed to potential bidders offering the Notes for public sale;

WHEREAS, the County has duly received bids for the Notes 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 Official Notice of Sale and is deemed to be the most advantageous to the County. PFM has recommended that the County 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, it has now been determined to issue the Notes authorized by the Initial Resolutions in the principal amount of \$9,590,000 consisting of \$2,140,000 for the warm water therapy pool; \$2,470,000 for NCHC Master Facility Plan projects; \$2,280,000 for 2019 Capital Improvement Plan projects; and \$2,700,000 for emergency repairs at the County Jail.

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

Section 1. Ratification of the Official Notice of Sale and Offering Materials. The County Board of Supervisors hereby ratifies and approves the details of the Notes set forth in Exhibit A attached hereto as and for the details of the Notes. The Official Notice of Sale and any other offering materials prepared and circulated by PFM are hereby ratified and approved in all respects. All actions taken by officers of the County and PFM in connection with the preparation and distribution of the Official Notice of Sale and any other offering materials are hereby ratified and approved in all respects.

Section 1A. Award of the Notes. For the purpose of paying the cost of the Project, there shall be borrowed pursuant to Section 67.12(12), Wisconsin Statutes, the principal sum of NINE MILLION FIVE HUNDRED NINETY THOUSAND DOLLARS (\$9,590,000) from the Purchaser in accordance with the terms and conditions of the Proposal. The Proposal of the Purchaser offering to purchase the Notes for the sum set forth on the Proposal (as modified on the Bid Tabulation and reflected in the Pricing Summary referenced below and incorporated herein), plus accrued interest to the date of delivery, is hereby accepted. The Chairperson and County Clerk or other appropriate officers of the County are authorized and directed to execute an acceptance of the Proposal on behalf of the County. The good faith deposit of the Purchaser shall be applied in accordance with the Official Notice of Sale, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned. The Notes shall bear interest at the rates set forth on the Proposal.

Section 2. Terms of the Notes. The Notes shall be designated "General Obligation Promissory Notes, Series 2019A"; shall be issued in the aggregate principal amount of \$9,590,000; shall be dated their date of issuance; 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 February 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 February 1 and August 1 of each year commencing on August 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 Notes 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 Notes are not subject to optional redemption.

Section 4. 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 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 Notes as the same becomes due, the full faith, credit and resources of the County are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the County a direct annual irrepealable tax in the years 2019 through 2028 for the payments due in the years 2020 through 2029 in the amounts set forth on the Schedule.

(B) Tax Collection. So long as any part of the principal of or interest on the Notes remains unpaid, the County shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Notes, said tax shall be, from year to year, carried onto the tax roll of the County and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the County for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year 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 Notes when due, the requisite amounts shall be paid from other funds of the County then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 6. Segregated Debt Service Fund Account.

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

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for General Obligation Promissory Notes, Series 2019A" (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 County at the time of delivery of and payment for the Notes; (ii) any premium which may be received by the County above the par value of the Notes 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 Notes when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Notes 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 Notes until all such principal and interest has been paid in full and the Notes canceled; provided (i) the funds to provide for each payment of principal of and interest on the Notes 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 Notes may be used to reduce the next succeeding tax levy, or may, at the option of the County, be invested by purchasing the Notes 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 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 County, unless the County Board of Supervisors directs otherwise.

Section 7. 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 County and disbursed solely for the purpose or purposes for which borrowed. In no event shall monies in the Borrowed Money Fund be used to fund operating expenses of the general fund of the County or of any special revenue fund of the County that is supported by property taxes. 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 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 Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the County, 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 9. Compliance with Federal Tax Laws. (a) The County 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 County 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 County 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 County Clerk or other officer of the County charged with the responsibility of issuing the Notes shall provide an appropriate certificate of the County certifying that the County can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The County 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 County 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 10. 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 11. Execution of the Notes; Closing; Professional Services. The Notes shall be issued in printed form, executed on behalf of the County by the manual or facsimile signatures of the Chairperson and County Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the County of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Notes may be imprinted on the Notes in lieu of the manual signature of the officer but, unless the County 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 County hereby authorizes the officers and agents of the County 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 12. Payment of the Notes; Fiscal Agent. The principal of and interest on the Notes shall be paid by the County Clerk or the County Treasurer (the "Fiscal Agent").

Section 13. Persons Treated as Owners; Transfer of Notes. The County 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 Chairperson and County 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 County shall cooperate in any such transfer, and the Chairperson and County Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

Section 14. 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 County 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 Notes eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the County agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the County Clerk or other authorized representative of the County is authorized and directed to execute and deliver to DTC on behalf of the County to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the County Clerk's office.

Section 16. Official Statement. The County Board of Supervisors hereby approves the Preliminary Official Statement with respect to the Notes and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 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 County 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 County official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The County Clerk shall cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser.

Section 17. Undertaking to Provide Continuing Disclosure. The County hereby covenants and agrees, for the benefit of the owners of the Notes, 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 Notes 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 County to comply with the provisions of the Undertaking shall not be an event of default with respect to the Notes).

To the extent required under the Rule, the Chairperson and County Clerk, or other officer of the County charged with the responsibility for issuing the Notes, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the County's Undertaking.

Section 18. Record Book. The County Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Notes in the Record Book.

Section 19. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Notes, the officers of the County are authorized to take all actions necessary to obtain such municipal bond insurance. The Chairperson and County Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the Chairperson and County Clerk including provisions regarding restrictions on investment of Note 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 Notes 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 Note provided herein.

Section 20. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the County Board of Supervisors or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted, approved and recorded November 14, 2019.

Kurt Gibbs
Chairperson

ATTEST:

Kim Trueblood
County Clerk

(SEAL)

EXHIBIT A

Official Notice of Sale

To be provided by PFM Financial Advisors LLC and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT B

Bid Tabulation

To be provided by PFM Financial Advisors LLC and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT C

Winning Bid

To be provided by PFM Financial Advisors LLC and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT D-1

Pricing Summary

To be provided by PFM Financial Advisors LLC and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT D-2

Debt Service Schedule and Irrepealable Tax Levies

To be provided by PFM Financial Advisors LLC and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT E

(Form of Note)

REGISTERED UNITED STATES OF AMERICA DOLLARS
NO. R- _____ STATE OF WISCONSIN \$ _____
MARATHON COUNTY
GENERAL OBLIGATION PROMISSORY NOTE, SERIES 2019A

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:
February 1, _____, 2019 _____%

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS
(\$ _____)

FOR VALUE RECEIVED, Marathon County, Wisconsin (the "County"), 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 February 1 and August 1 of each year commencing on August 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 the County Clerk or County Treasurer (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.

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

This Note is one of an issue of Notes aggregating the principal amount of \$9,590,000, all of which are of like tenor, except as to denomination, interest rate and maturity date, issued by the County pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for the public purposes of financing the construction and equipping of a new warm water therapy pool at the North Central Health Care Facility ("NCHC") located in the County (\$2,140,000); NCHC Master Facility Plan projects, including the design and construction of building additions, renovations and landscaping to the NCHC Center and Mount View Care Center campus (\$2,470,000); 2019 Capital Improvement Plan projects, including County highway projects, acquisition of highway

equipment and equipment for the Sheriff's department, improvements to County buildings and park and recreation projects (\$2,280,000); and emergency repairs at the Marathon County Jail (\$2,700,000), as authorized by resolutions adopted on September 19, 2017, June 19, 2018, February 19, 2019, October 22, 2019 and November 14, 2019. Said resolutions are recorded in the official minutes of the County Board of Supervisors for said dates.

This Note is not subject to optional redemption.

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; that the aggregate indebtedness of the County, including this Note 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 irrepealable tax has been levied sufficient to pay this Note, together with the interest thereon, when and as payable.

This Note has been designated by the County Board of Supervisors 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 County 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 County 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 shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the County 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 after the Record Date. The Fiscal Agent and County 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 \$5,000 or any integral multiple thereof.

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, Marathon 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 Chairperson and County Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

MARATHON COUNTY, WISCONSIN

By: _____
Kurt Gibbs
Chairperson

(SEAL)

By: _____
Kim Trueblood
County Clerk

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)

CREDIT OPINION

8 November 2019

 Rate this Research

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Marathon (County of) WI

Update to credit analysis

Summary

The credit profile of [Marathon County](#) (Aa1) is highlighted by its consistent operating performance that has resulted in the maintenance of a sound fund balance and liquidity. We expect the continuation of management's conservative budgeting practices that routinely achieves structurally positive operations, allowing for the transfer of excess revenue to cash flow a portion of its annual capital improvement plan (CIP). Although this practice has resulted in a low county debt burden, the county board of supervisors has recently adopted a resolution authorizing up to \$67 million in general obligation (GO) debt for capital upgrades at county-owned health and human services facilities. The planned debt, along with the county's enterprise risk, are its key credit challenges. Balancing these issues are the county's growing tax base, average socioeconomic characteristics, and relatively low post-employment benefit burden.

On November 8, 2019 we assigned a Aa1 rating to the county's General Obligation Promissory Notes, Series 2019A which will be used to finance the various capital projects within the county including portions of its 2019 CIP, improvements to the county jail facility, and projects associated with its North Central Health Care (NCHC) campus.

Credit strengths

- » Stable operating environment that has supported ample fund balance and liquidity
- » Low combined leverage of outstanding debt, pension, and OPEB liabilities

Credit challenges

- » State imposed levy limits restrict the county's revenue enhancing authority
- » Authorized future borrowings for upgrades to the county-owned HCSC campus

Rating outlook

Outlooks are typically not assigned to local governments with this amount of debt.

Factors that could lead to an upgrade

- » Significant tax base expansion coupled with materially strengthened wealth and income indices

Factors that could lead to a downgrade

- » Material tax base contraction and/or diminished wealth and income indices

- » Sustained narrowing of operating fund balance and liquidity
- » Weakness in enterprise funds that require governmental support

Key indicators

Exhibit 1

| Marathon (County of) WI | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|--------------|--------------|--------------|
| Economy/Tax Base | | | | | |
| Total Full Value (\$000) | \$9,670,069 | \$9,852,983 | \$10,156,245 | \$10,590,162 | \$11,054,104 |
| Population | 134,886 | 135,177 | 135,367 | 135,293 | 135,293 |
| Full Value Per Capita | \$71,691 | \$72,889 | \$75,027 | \$78,276 | \$81,705 |
| Median Family Income (% of US Median) | 100.3% | 100.2% | 99.3% | 102.0% | 102.0% |
| Finances | | | | | |
| Operating Revenue (\$000) | \$85,478 | \$86,528 | \$88,406 | \$86,126 | \$88,891 |
| Fund Balance (\$000) | \$44,849 | \$44,053 | \$44,526 | \$43,451 | \$44,318 |
| Cash Balance (\$000) | \$46,845 | \$46,701 | \$47,407 | \$46,366 | \$47,328 |
| Fund Balance as a % of Revenues | 52.5% | 50.9% | 50.4% | 50.5% | 49.9% |
| Cash Balance as a % of Revenues | 54.8% | 54.0% | 53.6% | 53.8% | 53.2% |
| Debt/Pensions | | | | | |
| Net Direct Debt (\$000) | \$14,989 | \$15,109 | \$13,042 | \$10,926 | \$12,603 |
| 3-Year Average of Moody's ANPL (\$000) | \$63,691 | \$98,684 | \$139,976 | \$156,264 | \$170,340 |
| Net Direct Debt / Full Value (%) | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% |
| Net Direct Debt / Operating Revenues (x) | 0.2x | 0.2x | 0.1x | 0.1x | 0.1x |
| Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%) | 0.7% | 1.0% | 1.4% | 1.5% | 1.5% |
| Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x) | 0.7x | 1.1x | 1.6x | 1.8x | 1.9x |

[1] Economy measures are based on data from the most recent year available.

Sources: Moody's Investors Service, US Census Bureau, Marathon County audited financial statements

Profile

Marathon County encompasses nearly 1,600 square miles in north central [Wisconsin](#) (Aa1 stable), approximately 140 miles north of [Madison](#) (Aaa negative), and 90 miles northwest of [Green Bay](#) (Aa3). The county includes all or portions of 6 cities, including [Wausau](#) (Aa3) the county seat, 16 villages, and 40 towns. The county is governed by a 38-member Board of Supervisors and provides municipal services for an estimated 135,293 residents.

Detailed credit considerations

Economy and tax base: broad tax base serves as regional economic center

The county's tax base is likely to remain stable given its role as a regional economic center which has contributed to seven consecutive years of full value growth. Currently valued at a large \$11.6 billion, the county's tax base has grown at an average annual rate of 3.8% since 2014. The base is primarily comprised of residential (64% of 2019 full value) and commercial (22%) property, with a small amount of agricultural (5%) and forest (4%) real estate as well. Historically, the county's economy was centered in the lumber, wood and paper industry. The economy has since diversified and currently has a significant health care and retail presence. The top ten largest taxpayers make up a modest 2.9% of full valuation, signifying low tax base concentration. The county's largest taxpayer and employer is Wausau Hospital, which comprises 0.5% of the tax base and employs 3,120.

The county's socioeconomic profile closely matches national medians, including a median family income that is estimated at 102% of the US. Median home value is estimated at 76.3% of national levels, indicating a relatively low cost of living. Demographically the county is demonstrating negligible growth, which combined with an aging population may limit long-term economic expansion. The

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

annual unemployment rate for the county has been lower than the national rate over the past decade, currently standing at 2.5% in September 2019, as compared to 3.3% for the nation as a whole.

Financial operations and reserves: conservative budgeting sustains robust fund balance and liquidity

The county's strong financial management points to the high likelihood that it will retain healthy reserves for the foreseeable future. Revenue in the county's governmental operating funds (general, social improvement, and debt service funds) consistently exceed operating expenses, allowing management to make annual transfers for capital expenses. As such, the county's year-end available operating fund balance has not fluctuated much in the last five years, ranging from a high of \$44.8 million (52.5% of revenue) to a low of \$44.1 million (50.9%). In fiscal 2018, the county added \$867,000 to its available operating fund balance following a net transfer out of \$4.7 million to support its annual CIP and employee benefit fund. For fiscal 2019 (year-end December 31), management has budgeted for a \$653,000 surplus to the general fund, and a transfer of \$1.8 million out to support the annual CIP. Management is currently in the process of constructing the fiscal 2020 budget and indicates no desire to materially spend down its currently ample fund balance.

The county's primary revenue streams are property taxes (47.4% of fiscal 2018 operating revenue), followed by sales taxes (19.1%), and state aid (14.1%). Wisconsin cities and counties are currently subject to levy limits which limit property tax growth to net new construction only. The county currently levies at its maximum allowable rate. Sales tax collections have grown by 4.2% on average over the last five years and were budgeted to grow to a record \$13 million in fiscal 2019. State shared revenue is unlikely to materially grow.

The county operates two business-type enterprise funds and oversees two discretely presented component enterprise units. Business-type funds are highlighted by the county's highway fund which ended the fiscal 2018 year with an unrestricted net position of \$40.4 million, as compared to an annual operating expense of \$12.2 million. The component units include the Central Wisconsin Airport fund and North Central Health Care (NCHC) fund that are each self-supporting and maintain adequate liquidity. The Central Wisconsin Airport is jointly owned by Marathon and Portage counties. The airport fund held an unrestricted net position of \$2.5 million at the close of fiscal 2018, and another \$1.3 million of accumulated passenger facility charges is available for authorized projects. The NCHC is a partnership between [Langlade](#) (Aa3), Lincoln, and Marathon counties to provide various mental health and nursing home services. It is a privately run facility, though the counties jointly own the enterprise. The healthcare fund closed fiscal 2018 with an unrestricted net position of \$23.3 million, as compared to annual operating expenses of \$70.2 million. The NCHC in particular represents moderate enterprise exposure risk given the scale of its operations relative to the size of the county's governmental operations. However, the NCHC is currently operating smoothly, with revenue exceeding expenditures by \$3.2 million in fiscal 2018.

LIQUIDITY

The county's liquidity is strong. Marathon closed fiscal 2018 with \$73.7 million in unrestricted cash and investments across its governmental funds, including \$47.3 million in operating cash. Business funds held \$45.6 million in combined unrestricted cash and component units held \$27.9 million.

Debt and pensions: debt burden expected to rise, modest exposure to unfunded benefit liabilities

The county's low debt burden, which has been a key credit strength, is likely to materially rise over the near term. Credit pressure associated with anticipated debt is balanced against the county's modest exposure to unfunded pension and other post-employment healthcare benefits (OPEB). The county is currently in the process of marketing \$9.6 million in bonds backed by its general obligation unlimited tax (GOULT) pledge to finance the various capital projects. Following the offering, the county's debt burden will stand at a modest 0.2% of full value and 0.2x operating revenue. In addition to the upcoming bonds, the county anticipates issuing \$3 million in bonds in 2020 for various projects, as well as \$67 million over the next three years to finance comprehensive improvements to its NCHC campus. Debt service on future NCHC debt is likely to be paid by revenue generated by the facility.

DEBT STRUCTURE

Following the upcoming bond sale, the county's debt portfolio will consist of \$18.4 million of long-term, fixed rate GOULT bonds and notes, as well as a small amount of capital loans. GOULT debt includes \$5.9 million in bonds paid from airport revenues. Payout of principal is fast with nearly 100% to be retired over the next ten years.

The county's modest fixed costs are a credit strength. In fiscal 2018, the county's fixed costs, inclusive of debt service and retiree plan contributions, totaled \$6.5 million, or a low 7.4% of operating revenue.

DEBT-RELATED DERIVATIVES

The county has no exposure to any debt related derivative financial products.

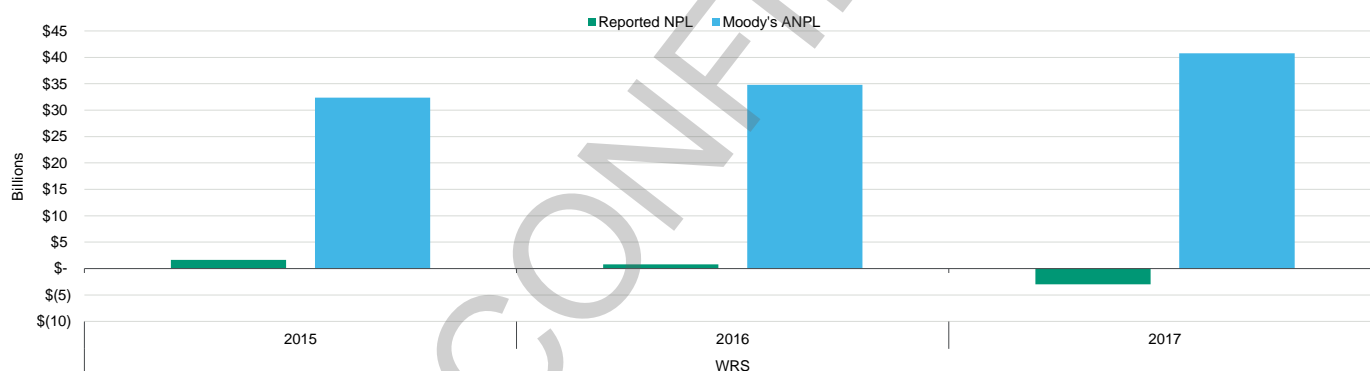
PENSIONS AND OPEB

The county participates in the Wisconsin Retirement System (WRS), a statewide cost-sharing plan. Contributions are determined using a level contribution actuarial method in an effort to keep employer and employee contribution rates at a level percentage of payroll over time, and are set at 100% of the plan's funding requirement. As a result, WRS remains one of the best funded public employee retirement systems in the country, with statewide employer contributions to WRS in 2017 totaling 107.7% of the amount needed to tread water.¹

The county's adjusted net pension liability (ANPL) was \$193.2 million in 2018, up from \$150 million in 2015, bringing the three-year average to \$170.3 million, or 1.5% of full value and 1.9x operating revenue. Growth in the Moody's ANPL has been driven largely by falling market discount rates, however the plan's NPL has benefited from strong investment performance in recent years, with WRS reported a net pension asset as of fiscal 2017 (see exhibit 2). Moody's ANPL reflects the use of a market-based discount rate to value pension liabilities rather than the assumed rate of investment return on plan assets. In comparison, the county reported a net pension asset of \$14.1 million in fiscal 2018, based on the plan's 7.2% discount rate.

Exhibit 2

Wisconsin Retirement System remains well-funded on a reported basis



Source: State of Wisconsin

The county OPEB liabilities do not pose a material credit risk. The OPEB liability reflects an implicit rate subsidy for a small number of retirees who pay to remain on the county's health plan and is funded on a pay-as-you-go basis. As the most recent actuarial valuation date, the net adjusted OPEB liability totaled \$969,000.

Management and governance: moderate institutional framework, conservative county management

Wisconsin counties have an Institutional Framework score of "A", which is moderate. The sector's major revenue source, property tax revenue, is subject to a cap which limits increases to amounts represented by net new construction growth. However, counties may implement a 0.5% sales tax, which diversifies operating revenue. Revenues and expenditures tend to be predictable. Across the sector, fixed and mandated costs are generally moderate.

County management has indicated that it is committed to maintaining structurally positive operations within its core governmental operating funds, with the goal of annually transferring over excess revenue to support ongoing CIP projects. This practice allows the county to moderate its long-term debt burden while still providing ample reserve buffer against unexpected budgetary pressures.

Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 3

Marathon (County of) WI

| Rating Factors | Measure | Score |
|--|-----------------------------|-------|
| Economy/Tax Base (30%) ^[1] | | |
| Tax Base Size: Full Value (in 000s) | \$11,639,161 | Aa |
| Full Value Per Capita | \$86,029 | Aa |
| Median Family Income (% of US Median) | 102.0% | Aa |
| Finances (30%) | | |
| Fund Balance as a % of Revenues | 49.9% | Aaa |
| 5-Year Dollar Change in Fund Balance as % of Revenues | -2.7% | Baa |
| Cash Balance as a % of Revenues | 53.2% | Aaa |
| 5-Year Dollar Change in Cash Balance as % of Revenues | -0.6% | Baa |
| Notching Factors: ^[2] | | |
| Outsized Enterprise or Contingent Liability Risk | | Down |
| Other Analyst Adjustment to Finances Factor: Overly punitive operating trends. | | Up |
| Management (20%) | | |
| Institutional Framework | A | A |
| Operating History: 5-Year Average of Operating Revenues / Operating Expenditures (x) | 1.0x | A |
| Debt and Pensions (20%) | | |
| Net Direct Debt / Full Value (%) | 0.2% | Aaa |
| Net Direct Debt / Operating Revenues (x) | 0.2x | Aaa |
| 3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%) | 1.5% | Aa |
| 3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x) | 1.9x | A |
| | Scorecard-Indicated Outcome | Aa2 |
| | Assigned Rating | Aa1 |

[1] Economy measures are based on data from the most recent year available.

[2] Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology.

[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs publication.

Sources: Moody's Investors Service, US Census Bureau, Marathon County audited financial statements

Endnotes

1 Employer contributions that tread water equal the sum of current year service cost and interest on reported net pension liabilities at the start of the year, using reported actuarial assumptions. If plan assumptions are met exactly, contributions equal to the tread water indicator will prevent the reported net pension liabilities from growing. Net liabilities may decrease or increase in a given year because of factors other than the contribution amount, such as investment performance that exceeds or falls short of a plan's assumed rate of return.

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