

ORDINANCE NO. 2024-0326 B

ORDINANCE PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF \$5,432,000 FERRY LINE SERVICE SYSTEM REVENUE BONDS, SERIES 2024B, OF THE TOWN OF LA POINTE, WISCONSIN; ESTABLISHING THE TERMS AND CONDITIONS THEREFOR; DIRECTING THEIR EXECUTION AND DELIVERY; CREATING A SPECIAL REDEMPTION FUND THEREFOR; AND AWARDING THE SALE THEREOF

The Town Board of the Town of La Pointe, Ashland County, Wisconsin (the "Town") does ordain as follows:

Section 1. Revenue Bonds Purpose, Authorization, and Award.

1.01 Under and pursuant to Wisconsin Statutes, Chapter 30 and Sections 30.37 and 30.38, the Town has created the Board of Harbor Commissioners (the "Harbor Commission") to perform duties in connection with the Town's harbor facilities, including, but not limited to the operation of the Madeline Island Ferry Service which provides ferry service between Bayfield, Wisconsin and the Town.

1.02 The Town is in the process of acquiring the assets of Madeline Island Ferry Line, Inc. (the "Seller") including the Seller's vessels and real and personal property used in the operation of such ferry service (the "Ferry Line Facilities" or the "Project").

1.03 The Town's plan of finance to acquire the Ferry Line Facilities is as follows:

A. The Town issuing its General Obligation Promissory Note, Series 2024A (the "2024A Note") in the principal amount of \$5,374,000, payable from ad valorem tax levy;

B. The Town issuing its Ferry Line Service System Revenue Bonds, Series 2024B (the "2024B Bonds" or the "Bonds") in the principal amount of \$5,432,000, payable from net revenues of the Ferry Line Facilities, as hereinafter set forth;

C. The Town issuing its Ferry Line Service System Note Anticipation Notes, Series 2024C (the "2024C Notes") in the aggregate principal amount of \$3,000,000, payable from the Town's general obligation promissory notes pledged to be issued on or before December 1, 2028;

D. The Town issuing its State Trust Fund Note, Series 2024D (the "2024D Loan") in the aggregate principal amount of \$4,900,000 payable from an ad valorem tax levy; and

E. The Town issuing its Taxable Note Anticipation Note in the principal amount of \$600,000 to provide a revolving line of credit (the "2024E Line of Credit").

1.04 Under and pursuant to the provisions of Wisconsin Statutes, Chapters 66 and 30, Section 66.0621 and Section 30.35 (collectively, the "Act"), the Town is authorized to issue and sell its obligations to finance a portion of the cost of acquiring harbor facilities (including the Project) as a public utility, such obligations to be payable from income and revenues derived from operations of a utility.

1.05 The Town owns or will own and will operate the Ferry Line Facilities as a revenue-producing public utility (such Ferry Line Facilities and all properties of every nature constituting a part thereof which may now or hereinafter be owned by the Town, including all improvements thereof, all real and personal property comprising a part of said utility, and all appurtenances, contracts, leases, franchises,

and other intangibles relating thereto, is hereinafter referred to as the "System" or the "Utility"). The Town is in the process of acquiring the System and intends to issue and sell revenue bonds to provide a portion of the long-term financing for such acquisition.

1.06 The Town has undertaken a project to acquire the Ferry Line Facilities (the "Project"), which will become the Ferry Line Facilities.

1.07 No bonds or other obligations payable from the income and revenues of the System are now outstanding.

1.08 Pursuant to authority contained in the Act and Section 66.0621 and Section 30.35, the Town Board does hereby direct the issuance and sale of \$5,432,000 Ferry Line Service System Revenue Bonds, Series 2024B of the Town (the "Bonds"), for the purpose of providing a portion of the funds to acquire the Project. The Bonds are being issued for purposes for which the Town is authorized to issue bonds under the Act.

1.09 The Town has received a proposal for the sale of the Bonds from Bremer Bank, National Association, located at 372 St. Peter Street, St. Paul, Minnesota (the "Lender") to purchase the Bonds upon the condition that the Bonds mature, bear interest at the time and annual rate set forth in Section 3. The Town after due consideration, finds such offer reasonable and proper and the offer of the Lender is hereby accepted. The Chair and Clerk are authorized and directed to execute on the part of the Town the contract for the sale of the Bonds in accordance with the Lender's proposal. All actions of the Chair and the Clerk taken with regard to the sale of the Bonds are hereby ratified and approved.

Section 2. Definitions. The following terms shall have the following meanings in this Ordinance unless the text expressly or by implication requires otherwise:

- (a) "Act" means Chapters 66 and 30, Section 66.0621 and Section 30.35 of the Wisconsin Statutes;
- (b) "Bond Registrar" means the Town Treasurer, who shall act as Paying Agent for the Bonds;
- (c) "Bonds" or "2024B Bonds") mean the \$5,432,000 Ferry Line Service System Revenue Bonds, Series 2024B, of the Town, dated their date of issuance, authorized to be issued by this Ordinance;
- (d) "Bond Year" means the twelve-month period ending on each December 1;
- (e) "Closing Date" means the date of issuance of the Bonds.
- (f) "Current Expenses" means the reasonable and necessary costs of operating, maintaining, administering and repairing the System, including salaries, wages, management fees, costs of materials and supplies, insurance, and audits, but shall exclude depreciation, debt service, tax equivalents and capital expenditures;
- (g) "Debt Service Fund" means the Debt Service Fund of the Town, which shall be the "special redemption fund" as such term is defined in the Act;
- (h) "Fiscal Year" means the twelve-month period ending on each December 31;

(i) "Governing Body" means the Town Board, or such other body as may hereafter be the chief legislative body of the Town;

(j) "Gross Earnings" means the gross earnings of the System, including the earnings of the System derived from charges imposed by the Town and/or the Harbor Commission, all payments to the Town under any service agreements between the Town and/or the Harbor Commission and any contract users of the System; and any other monies received from any source including all fees levied and collected in connection with the services provided by the System;

(k) "Net Revenues" means the Gross Earnings of the System after deduction of Current Expenses;

(l) "Parity Bonds" means the any bonds payable from the revenues of the Ferry Line Facilities, other than the Bonds, but issued on a parity and equality with the Bonds pursuant to the restrictive provisions of Section 11 of this Ordinance;

(m) "Payment Date" means December 1 of each year commencing on December 1, 2024;

(n) "Project" means the Project described in the preamble to this Ordinance. All elements of the Project are to be owned and operated by the Town and the Harbor Commission as part of the Ferry Line Facilities as described in the preamble hereto;

(o) "Record Date" means the close of business on the fifteenth day of the calendar month next preceding any principal or interest payment date; and

(p) "System" means the entire Ferry Line Facilities of the Town, specifically including all property of every nature now or hereafter owned by the Town, including all improvements and extensions thereto made by the Town while any of the Bonds and Parity Bonds remain outstanding, including all real and personal property of every nature constituting part of or used or useful in connection with the Ferry Line Facilities and including all appurtenances, contracts, leases, franchises, and other intangibles.

Section 3. Terms of the Bonds.

(a) The Bonds shall be dated March 28, 2024 or such other date agreed to by the Lender and the Town; shall be numbered one and upward; shall bear interest at the rate of 7.12% per annum (computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding; all interest payable under the Note is computed using this method); shall be issued in denominations of \$1,000 or any integral multiple thereof; and shall mature on the dates and in the amounts as set forth on Exhibit A. Interest on the Bonds shall be payable commencing on December 1, 2024, and annually thereafter on December 1 of each year through December 1, 2033.

(b) A maturity schedule of 30 years for the Bonds is found to be such that the amount of annual debt service payments is reasonable in accordance with prudent municipal utility practices. The Town's plan is to refinance the 2033 maturity of the Bonds on or prior to December 1, 2033 to extend the maturities as described herein.

(c) The Town shall have and is hereby granted the option to prepay the Bonds on any date, with a premium set forth below, in whole or in part, in such maturities as set forth in the Bonds or portions of such maturities in increments of \$1,000, at the option of the Town.

The premium to be paid on any prepayment of the Bonds shall be as follows:

<u>Date of Prepayment</u>	<u>Premium for Par Amount to be Prepaid</u>
March 28, 2024 through March 27, 2025	5.0%
March 28, 2025 through March 27, 2026	4.0%
March 28, 2026 through March 27, 2027	3.0%
March 28, 2027 through March 27, 2028	2.0%
March 28, 2028 through March 27, 2029	1.0%
On and after March 28, 2029	0.0%

To exercise a prepayment option granted in this Section, the Town shall, not less than 30 days prior to the date upon which such prepayment is to be made, give written notice to the Purchaser or the registered owner. Such notice shall specify the Bond to be prepaid, the date on which such prepayment will be made and the amount and maturity of the prepayment. Notice having been given and payment of the amount to be prepaid having been duly made, that portion of the principal of the Bond prepaid shall no longer bear interest.

Section 4. Form, Execution, Registration and Payment of the Bonds. The Bonds shall be issued as registered obligations in substantially the form attached hereto as Exhibit A and incorporated herein by this reference.

The Bonds shall be executed in the name of the Town by the manual signatures of the Chair and the Clerk, and shall be sealed with its official or corporate seal, if any.

The principal of, premium, if any, and interest on the Bonds shall be paid by the Town Treasurer, who is hereby appointed as the Town's registrar (the "Bond Registrar").

Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America by the Bond Registrar. Payment of principal of the final maturity on the Bonds will be payable upon presentation and surrender of the Bonds to the Bond Registrar. Payment of principal of the Bonds (except the final maturity) and each installment of interest shall be made to the registered owner of each Bonds who shall appear on the registration books of the Town, maintained by the Bond Registrar, on the close of business on the fifteenth day of the calendar month next preceding any principal or interest payment date (the "Record Date") and shall be paid by electronic transfer or by check or draft of the Town and mailed to such registered owner at his or its address as appears on such registration books or at such other address may be furnished in writing to such registered owner to the Bond Registrar.

Section 5. Security for the Bonds. The Bonds shall not constitute an indebtedness of the Town nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Debt Service Fund hereinafter created and established, and shall be a valid claim of any holder thereof only against such Debt Service Fund and the revenues of the System pledged to such fund. Sufficient revenues are hereby pledged to said Debt Service Fund, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same becomes due. The Bonds are further secured by the Mortgage required in Section 18 hereof.

Section 6. Funds and Accounts. In accordance with the Act, for the purpose of the application and proper allocation of the Gross Earnings of the System, and to secure the payment of the principal of and interest on the Bonds and any Parity Bonds, certain funds of the System are hereby created and established or continued which shall be used solely for the following respective purposes:

(a) Ferry Line Service System Revenue Fund (the "Revenue Fund"), into which shall be deposited as received the entire Gross Earnings of the System, which money shall then be divided among the Operation and Maintenance Fund, the Special Redemption Fund (the "Debt Service Fund"), the Reserve Fund, the Depreciation Fund, and the Surplus Fund in the amounts and in the manner set forth in Section 7 hereof and used for the purposes described below.

(b) Operation and Maintenance Fund, which shall be used for the payment of Current Expenses.

(c) Debt Service Fund, which shall be used for the payment of the principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same becomes due.

(d) Reserve Fund, which is a reasonably required reserve and replacement fund, the monies in such fund may be used from time to time by the Lender for the payment of principal and/or interest on the Bonds as and when such principal and/or interest shall become due and payable and for that purpose only.

(e) Depreciation Fund, which is the replacement fund and may be expended for repairs, replacements, new construction, extensions or additions to the System and payment on a subordinated basis pursuant to Section 7(d)(ii) the obligations described therein. Any money on deposit in the Depreciation Fund not required during the current Fiscal Year for purposes of the Depreciation Fund may be transferred to the Surplus Fund.

(f) Surplus Fund, which shall first be used whenever necessary to pay principal of, premium, if any, or interest on the Bonds and the Parity Bonds when the Debt Service Fund shall be insufficient for such purpose, and thereafter shall be disbursed as follows: (i) at any time, to remedy any deficiency in any of the Funds provided in this Section 5 hereof; and (ii) money thereafter remaining in the Surplus Fund at the end of any Fiscal Year may be transferred to any of the Funds or accounts created herein or to reimburse the general fund of the Town for advances made by the Town to the System or for any other lawful purpose.

Section 7. Application of Revenues. After the delivery of the Bonds, the entire Gross Earnings of the System shall be deposited as collected in the Revenue Fund and shall be transferred monthly to the funds listed below in the following order of priority and in the manner set forth below:

(a) To the Operation and Maintenance Fund, an amount equal to the estimated Current Expenses for such month and for the following month (after giving affect to available amounts in said Fund from prior deposits);

(b) To the Debt Service Fund, an amount of Net Revenues equal to one-twelfth of the principal and interest coming due on the Bonds, and any Parity Bonds, on the next Payment Date. All monies in the Debt Service Fund shall be deposited in a special bank account and the monthly payments required to be made to the Debt Service Fund shall be made directly to such bank account.

The Debt Service Fund shall be used for no purpose other than the payment of principal of and interest on the Bonds, and any Parity Bonds promptly as the same become due and payable or to pay redemption premiums provided that funds on hand in excess of the required payments to the Debt Service Fund may be used to purchase outstanding Bonds, and any Parity Bonds or to redeem the Bonds, and any Parity Bonds in advance of maturity, if prepayable, as directed by resolution of the Town's Governing Body. In the event funds on deposit in the Debt Service Fund are insufficient to pay the principal and interest due in any calendar year, the funds on deposit in the Parity Debt Service Fund shall first be used to pay the principal and interest on the Bonds, and any Parity Bonds and the balance of the amount due from the Reserve Fund.

(c) **Reserve Fund.** The Town hereby establishes and shall maintain with the Lender so long as the Bonds are outstanding, a bank account with the Lender to be designated the Town of La Pointe Ferry Line Service System Revenue Bonds, Series 2024B Reserve Fund (the "Reserve Fund"):

(i) On the Closing Date of the Bonds, the Lender shall deposit \$525,000 of the proceeds of the Bonds which is equal to the Reserve Requirement on the Closing Date for the Bonds; and

(ii) After the Closing Date, the Town shall deposit into the Reserve Fund any amounts required to be deposited in the Reserve Fund in order to maintain the funds and investments on deposit in the Reserve Fund in an amount not less than the Reserve Requirement.

The funds in the Reserve Fund are irrevocably pledged to and shall be used by the Lender, from time to time, as may be required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only. If any payment of principal and interest due on the Bonds becomes more than 30 days past due, the Lender can withdraw funds from the Reserve Fund to pay such delinquent principal and interest due on the Bonds. Realized interest and income on the Reserve Fund shall be credited to the interest payable on the next preceding an Interest Payment Date.

Funds credited to the Reserve Fund shall be valued by the Lender not less frequently than as of the first day of the calendar month next preceding December 1 commencing on November 1, 2024. In computing the amount in the Reserve Fund, authorized investments shall be valued at market value and, in the case of investments which may be tendered upon demand at par pursuant to a put agreement for the benefit of the Lender, the fair market value is deemed to be par.

If upon any valuation date, the amount on deposit in the Reserve Fund (exclusive of accrued but unrealized interest on moneys or investments therein) exceeds the lesser of (a) the amount of the Reserve Requirement or (b) the amount permitted for a reasonably required reserve fund under the Arbitrage Regulations, the Lender shall forthwith transfer the excess to the Town. If upon any valuation date the amount on deposit in the Reserve Fund is less than the amount of the Reserve Requirement, then (unless the value of the amount on deposit exceeds the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored by the Town to an amount equal to the amount of the Reserve Requirement within not more than 30 days.

In the event that funds are ever withdrawn from the Reserve Fund in order to pay principal of, premium, if any, or interest on the Bonds, or to make any rebate payment due to the

United States in respect of the Bonds under Section 148 of the Internal Revenue Code, the Town shall forthwith and in no event later than 30 days after a withdrawal of funds, restore the balance therein to an amount not less than the Reserve Requirement; provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Town, the Town shall forthwith deposit the amount of funds so withdrawn in the Reserve Fund.

The Town shall recalculate the Reserve Requirement (i) annually as of each December 1, and (ii) in connection with each deposit of funds pursuant to a partial prepayment or redemption of Bonds prior to their stated maturity. As used herein, the term "Reserve Requirement" shall mean the least of (i) the maximum amount of principal of and interest on then outstanding Bonds that accrues and is payable in any remaining year at the time of calculation or (ii) ten percent of the principal amount of the Bonds or (iii) 125% of the average annual debt service of then outstanding Bonds in the Bond Years remaining at the time of calculation or (iv) \$525,000. On the Closing Date, the Town Chair and Town Clerk, on behalf of the Town, are authorized to enter into an Account Control Agreement and an Account Security Agreement to perfect the Lender's security interest in the funds in the Reserve Fund.

The Chair and the Clerk are authorized and directed to execute the Account Control Agreement and the Security Agreement (Securities Account) each between the Town and the Lender.

The Lender agrees to review the Reserve Fund requirement on May 28, 2029 and may, in the Lender's discretion, eliminate or reduce the Reserve Requirement. Any reduction in the Reserve Requirement shall be used to prepay principal of the 2033 maturity of the Bonds.

(d) Depreciation Fund. There shall next be set aside and credited, on the first day of each month or as soon thereafter as practicable, from the Revenue Fund to the Depreciation Fund for the System, one-twelfth of the amount budgeted for the Fiscal Year to be necessary for repairs, replacements, additions to or extensions of the System, which are being funded from the Gross Earnings of the System with the sum established from time to time by the Town's Governing Body and which has been deposited in and is accumulated therein. The Gross Earnings set aside in the Depreciation Fund shall be transferred to the Operation and Maintenance Fund in the amount, if any, required at any time to restore a deficiency in that fund for the payment of necessary Current Expenses actually due and payable, and shall be deposited in the Debt Service Fund from the Depreciation Fund in the amount, if any, needed at any time to restore a deficiency in that fund for the payment of the Bonds, or any Parity Bonds, and to Reserve Fund from the Depreciation Fund to an amount equal to the Reserve Requirement. Subject to the foregoing provisions, amounts on hand from time to time in the Depreciation Fund shall be used as follows:

(i) They may be expended as authorized by the Governing Body for repairs, replacements, additions to or extensions of the System;

(ii) They may be expended for the payment of subordinated debt and general obligations of the Town issued for the purpose of acquiring the System or maintaining, improving or expanding the System in the following order:

- (a) first to interest on the 2024E Line of Credit;
- (b) second to interest on the 2024C Notes;
- (c) third to principal of the 2024E Line of Credit;
- (d) fourth to principal and interest on the 2024A Notes;

- (e) fifth to principal and interest on the 2024D Loan;
- (f) sixth to finance improvements to the System; and
- (g) seventh they may be deposited in the Debt Service Fund, when directed by the Governing Body of the Town, for the redemption or purchase of the Bonds, or any Parity Bonds, in advance of maturity;

(iii) Pending use as provided above, accumulations in the Depreciation Fund shall be invested as permitted in Section 66.0603(1m), Wisconsin Statutes, and the income therefrom shall be carried in the Depreciation Fund.

(e) Surplus Fund. At the close of each month, any surplus monies accumulated or on hand in Depreciation Fund may be retained in the Depreciation Fund or transferred to the Surplus Fund and used for the next month's allocations as set forth in Section 6 and this Section 7.

Section 8. Deposits and Investments. The Debt Service Fund shall be kept apart from monies in the other Funds and Accounts and the same shall be used for no purpose other than the prompt payment of principal of and interest on the Bonds and any Parity Bonds as the same becomes due and payable. All monies therein shall be deposited in special and segregated accounts in a public depository selected under Chapter 34 of the Wisconsin Statutes and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m) of the Wisconsin Statutes. The other funds herein created may be combined in a single account in a public depository selected in the manner set forth above and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m) of the Wisconsin Statutes.

Section 9. Service to the Town. The reasonable cost and value of services rendered to the Town by the System by furnishing ferry services for public purposes shall be charged against the Town and shall, to the extent permitted by law, be paid in monthly installments as the service accrues, out of the current revenues of the Town collected or in the process of collection, exclusive of the revenues derived from the System; that is to say, out of the tax levy of the Town made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the Town in each year shall be equal to an amount which, together with other revenues of the System, will produce in each Fiscal Year Net Revenues equivalent to not less than the annual principal and interest requirements on the Bonds, any Parity Bonds, and any other revenue obligations payable from the revenues of the System then outstanding times the greater of (i) 250%, or (ii) the highest debt service coverage ratio required with respect to any revenue obligations payable from the revenues of the System then outstanding. However, such payment out of the tax levy shall be subject to (a) approval of the Wisconsin Public Service Commission, or successors to its function, if applicable, (b) yearly appropriations therefor, and (c) applicable levy limitations, if any; but neither this Ordinance nor such payment shall be construed as constituting an obligation of the Town to make any such appropriation over and above the reasonable cost and value of the services rendered to the Town and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 10. Operation of System; Town Covenants. It is covenanted and agreed by the Town with the owner or owners of the Bonds, and each of them, that the Town will perform all of the obligations as set forth in this Ordinance.

Section 11. Additional Bonds. No bonds or obligations payable out of the revenues of the System may be issued in such manner as to enjoy priority over the Bonds. Subject to this Ordinance additional obligations may be issued if the lien and pledge is junior and subordinate to that of the Bonds. Parity Bonds, on a parity with the Bonds, may be issued to be only under the following circumstances:

(a) Additional Parity Bonds may be issued if all of the following conditions are met:

(1) The Net Revenues of the System for the Fiscal Year immediately preceding the issuance of such additional bonds must have been in an amount at least equal to the maximum annual interest and principal requirements on all revenue bonds outstanding payable from the revenues of the System, and on the revenue bonds then to be issued, times the greater of (i) 2.50, or (ii) the highest debt service coverage ratio to be required with respect to the additional Parity Bonds then to be issued or on any revenue obligations payable from the revenues of the System then outstanding. Should an increase in permanent rates and charges, including those made to the Town, be properly ordered and made effective during the Fiscal Year immediately prior to the issuance of such additional bonds or during that part of the Fiscal Year of issuance prior to such issuance, then Net Revenues for purposes of such computation shall include such additional revenues as a registered municipal advisor, an independent certified public accountant, consulting professional engineer or the Wisconsin Public Service Commission may certify would have accrued during the prior Fiscal Year had the new rates been in effect during that entire immediately prior Fiscal Year.

(2) The payments required to be made into the Funds enumerated in Section 6 of this Ordinance must have been made in full.

(3) The additional Parity Bonds must have principal maturing on May 1 of each year and interest falling due on May 1 and November 1 of each year.

(4) The proceeds of the additional Parity Bonds must be used only for the purpose of providing extensions or improvements to the System, or to refund obligations issued for such purpose.

Section 12. Sale of Bonds. The sale of the Bonds to the Lender for the purchase price of \$5,432,000, and at par, is ratified and confirmed; and the officers of the Town are authorized and directed to do any and all acts, including executing the Bonds as hereinabove provided, necessary to conclude delivery of the Bonds to said Lender, as soon after adoption of this Ordinance as is convenient. The purchase price for the Bonds shall be paid upon the closing date for the issuance of the Bonds.

Section 13. Application of Bond Proceeds. The proceeds of the sale of the Bonds shall be deposited by the Town into a special fund designated as "Ferry Line System Acquisition Project Fund (the "Project Fund")." The Project Fund shall be used solely for the purpose of paying the costs of the Project (including capitalized interest, if any, on the Bonds) and costs of issuance of the Bonds, including but not limited to, a fee to the Lender equal to 50 basis points and all of the Lender's costs in connection with the Bonds and the security for the Bonds.

Section 14. Amendment to Resolution. After the issuance of any of the Bonds, no change or alteration of any kind in the provisions of this Ordinance may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged as herein provided, except: (a) the Town may, from to time, amend this Ordinance without the consent of any of the owner of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Ordinance; and (b) this Ordinance may be amended, in any respect, with a written consent of the owners of not less than two-thirds (2/3) of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the Town; provided, however, that no amendment shall permit any change in the pledge of revenues derived from the System or the maturity of any Bond issued hereunder, or a reduction in the rate

of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

Section 15. Defeasance. When all Bonds have been discharged, all pledges, covenants and other rights granted to the owners thereof by this Ordinance shall cease. The Town may discharge all Bonds due on any date by irrevocably depositing in escrow with a suitable bank or trust company a sum of cash and/or bonds or securities issued or guaranteed as to principal and interest by the U.S. Government, or by a commission, board or other instrumentality of the U.S. Government, maturing on the dates and bearing interest at the rates required to provide funds sufficient to pay when due the interest to accrue on each of said Bonds to its maturity or, at the Town's option, if said Bond is prepayable to any prior date upon which it may be called for redemption, and to pay and redeem the principal amount of each such Bond at maturity, or at the Town's option, if said Bond is prepayable, at its earliest redemption date, with the premium required for such redemption, if any, provided that notice of the redemption of all prepayable Bonds on such date has been duly given or provided for.

Section 16. Tax Covenants.

16.01 The Town covenants and agrees with the holder of the Bonds that the Town will (i) take all action on its part necessary to cause the interest on the Bonds to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bonds to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes.

16.02 A. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds was issued. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Fund (or any other Town account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable temporary periods or minor portion made available under the federal arbitrage regulations.

B. The proceeds of the Bonds and money in the Debt Service Account shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

C. The Town hereby covenants not to use the proceeds of the Bonds, or to cause or permit them to be used, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

16.03 A. The Town covenants and certifies to and for the benefit of the owner of the Bonds that no use will be made of the proceeds of the Bonds which will cause the Bonds to be arbitrage

bonds within the meaning of Section 148(a) of the Code and the Treasury Regulations promulgated thereunder.

B. The Town covenants and agrees to comply with requirements under the Code necessary to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (1) requirements relating to temporary periods for investment, (2) limitation on amounts invested at a yield greater than the yield on the Bonds, and (3) the rebate of excess investment earnings to the United States if the Bonds do not satisfy one or more of the arbitrage rebate exceptions.

C. The Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

D. The Town shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this section.

E. This resolution constitutes a declaration of official intent under Treasury Regulations Section 1.150-2. The Town reasonably expects to reimburse expenditures with respect to the Project being financed.

Section 17. Rebate Fund. Unless the Bonds are exempt from the rebate requirements of the IRS of 1986, as amended, the Town shall establish and maintain a separate account for the Bonds to be known as the “Rebate Fund”. The sole purpose of the Rebate Fund is to provide for the payment of any rebate liability with respect to the Bonds under the relevant provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder (the “Regulations”). The Rebate Fund shall be maintained by the Town until all required rebate payments with respect to the Bonds have been made in accordance with the relevant provisions of the Code and the Regulations.

The Town hereby covenants and agrees that it shall pay to the United States from the Rebate Fund, at the times and in the amounts and manner required by the Code and the Regulations, the portion of the “rebate amount” (as defined in Section 1.148-3(b) of the Regulations) that is due as of each “computation date” (within the meaning of Section 1.148-3(e) of the Regulations). As of the date of this Ordinance, the provisions of the Regulations specifying the required amounts of rebate installment payments and the time and manner of such payments are contained in Sections 1.148-3(f) and (g) of the Regulations, respectively. Amounts held in the Rebate Fund and the investment income therefrom are not pledged as security for the Bonds or any parity bonds and may only be used for the payment of any rebate liability with respect to the Bonds.

The Town may engage the services of accountants, attorneys or other consultants necessary to assist it in determining the rebate payments, if any, owed to the United States with respect to the Bonds. The Town shall maintain or cause to be maintained records of determinations of rebate liability with respect to the Bonds for each computation date until six (6) years after the retirement of the last of the Bonds. The Town shall make such records available to the State of Wisconsin upon reasonable request therefor.

Section 18. Mortgage. Pursuant to Wisconsin Statutes, Section 66.0621(4)(b), the obligations of the Town under this Ordinance to pay the principal and interest on the 2024B Bonds shall be secured by a Mortgage on the real and personal property of the Ferry Line Facilities. The Chair and the Clerk are authorized and directed to execute and cause the Mortgage to be a perfected mortgage lien.

EXHIBIT A

FORM OF BOND

**REGISTERED
NO. R-1**

**UNITED STATES OF AMERICA
STATE OF WISCONSIN
COUNTY OF ASHLAND
TOWN OF LA POINTE**

**REGISTERED
\$5,432,000**

FERRY LINE SERVICE SYSTEM REVENUE BOND, SERIES 2024B

<u>Annual Interest Rate</u>	<u>Final Maturity Date</u>	<u>Date of Original Issue</u>
7.12%	December 1, 2033	March 28, 2024

REGISTERED OWNER: BREMER BANK, NATIONAL ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS that the Town of La Pointe, Ashland County, Wisconsin, (the "Town") hereby acknowledges itself to owe and for value received promises to pay to the registered owner shown above, or registered assigns, solely from the fund hereinafter specified, the principal sum of Five Million Four Hundred Thirty-Two Thousand Dollars (\$5,432,000) on December 1 of each year commencing December 1, 2025, until the final maturity date written above, together with interest thereon from the date hereto or the most recent payment date to which interest has been paid, at the rate of 7.12% per annum (computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding; all interest payable under this Note is computed using this method), such interest being payable on the first day of December of each year, with the first interest being payable on December 1, 2024.

The principal amount of the Bond shall be repaid in installments on December 1 of each year commencing on December 1, 2025 in the amounts set forth on Exhibit A.

Principal is payable to the registered owner in lawful money of the United States of America. On the final maturity date, principal of this Bond shall be payable only upon presentation and surrender of this Bond at the office of the Town Treasurer. Principal hereof (except the final maturity) shall be payable by electronic transfer or by check or draft dated on or before the applicable payment date and mailed from the office of the Town Treasurer to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month next preceding such payment date.

The Bonds are prepayable on any date, in whole or in part, at par plus a prepayment premium as set forth in Section 3(c) of the Ordinance, as hereinafter defined, plus accrued interest to the date of redemption with a 30-days' notice to the Registered Owner.

This Bond is transferable only upon the books of the Town kept for that purpose at the office of the Town Treasurer, by the registered owner in person or its duly authorized attorney, upon surrender of this Bond, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Town Treasurer, duly executed by the registered owner or its duly authorized attorney. Thereupon a replacement Bond shall be issued to the transferee in exchange therefor. The Town may deem and treat the person 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 hereof and for all other purposes. This Bond is issuable solely as a negotiable, fully-registered bond, without coupons, and in denominations of \$1,000 or any integral multiple thereof.

This Bond is issued for the purpose of providing for the payment of a portion of the cost of acquiring the Ferry Line Facilities pursuant to Section 66.0621 and Section 30.35, Wisconsin Statutes, and an ordinance adopted by the Governing Body of the Town on March 26, 2024, and entitled: "Ordinance Authorizing the Issuance and Sale of up to \$5,432,000 Ferry Line System Revenue Bonds, Series 2024B, and Providing for Other Details and Covenants with Respect Thereto," (the "Ordinance") and is payable only from the income and revenues derived from the operation of the Ferry Line System of the Town (the "Utility"). This Bond does not constitute an indebtedness of said Town within the meaning of any constitutional or statutory debt limitation or provision.

It is certified, recited and declared that all acts, conditions and things required to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; and that sufficient of the income and revenue to be received by said Town from the operation of its Utility has been pledged to and will be set aside into a special fund for the payment of the principal of and interest on this Bond.

IN WITNESS WHEREOF, the Town has caused this Bond to be signed by the signatures of its Chair and the Clerk, and its corporate seal (or a true facsimile thereof) to be impressed (or imprinted) hereon, all as of the date of original issue specified above.

TOWN OF LA POINTE, WISCONSIN


[SEAL]

By (form – no signature required)
Chair

By (form – no signature required)
Clerk

REGISTRATION CERTIFICATE

This Note must be registered as to both principal and interest in the name of the owner on the books to be kept by the Town Clerk. No transfer of this Note shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Note and the interest accruing thereon is registered on the books of the Town Clerk in the name of the registered owner last noted below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Town Clerk</u>
3/28/2024	Bremer Bank, National Association 372 St. Peter Street St. Paul, MN 55102 Federal Taxpayer I.D. No.: 41-0224890	 _____

(Form of Assignment)

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

(Please print or typewrite name and address, including zip code, of Assignee).

Please insert Social Security or other
identifying number of Assignee

the within Bond, and all rights thereunder, hereby irrevocably constituting and appointing _____

Attorney to transfer said Bond on the books kept for the registration thereof with full power of
substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must
correspond with the name as it appears upon the face of
the within Bond in every particular, without alteration or
enlargement or any change whatever.

Signature(s) guaranteed by:

EXHIBIT A TO BOND FORM

\$5,432,000

**TOWN OF LA POINTE, WISCONSIN
FERRY LINE SYSTEM REVENUE BONDS, SERIES 2024B**

Principal Repaid	Principal Balance

PRINCIPAL REPAYMENT SCHEDULE

Date (December 1)	Principal Amount
2025	\$60,000
2026	\$64,000
2027	\$69,000
2028	\$73,000
2029	\$79,000
2030	\$85,000
2031	\$91,000
2032	\$97,000
2033	\$4,814,000
TOTAL	\$5,432,000