

Referendum Accounting

Quarles

BAIRD

March 22, 2023 | 10:25-11:15 AM

WASBO Accounting Conference

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Discover the *Baird Difference*



Explain referenda legal timelines and requirements



Present post-referendum accounting and processes

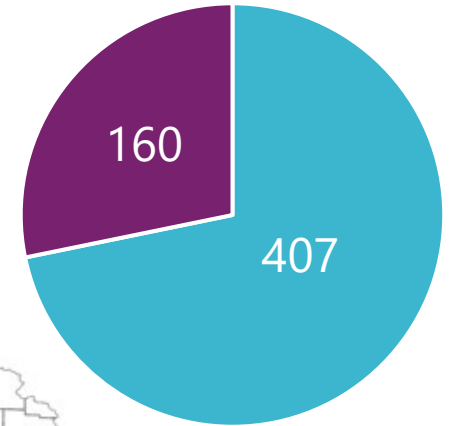
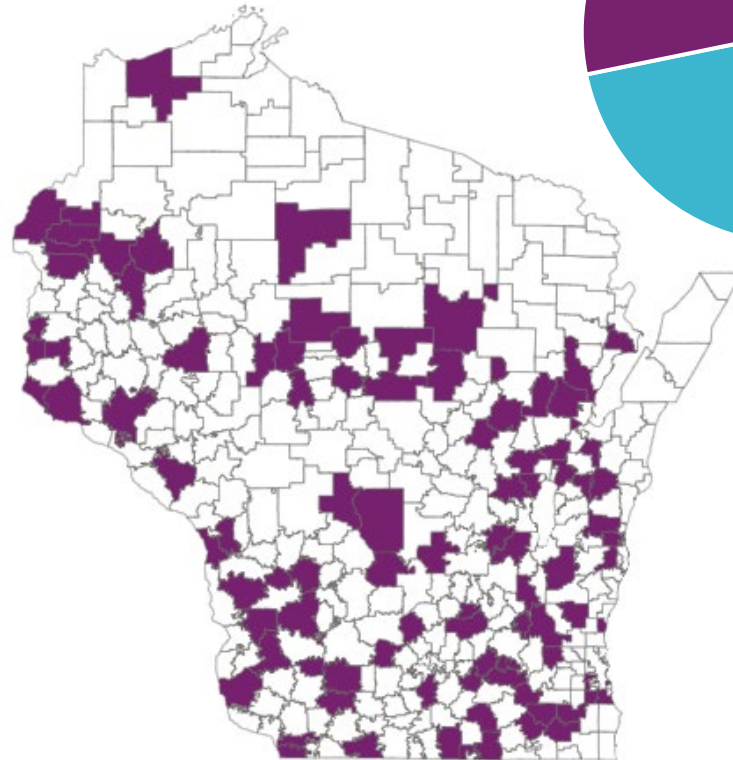
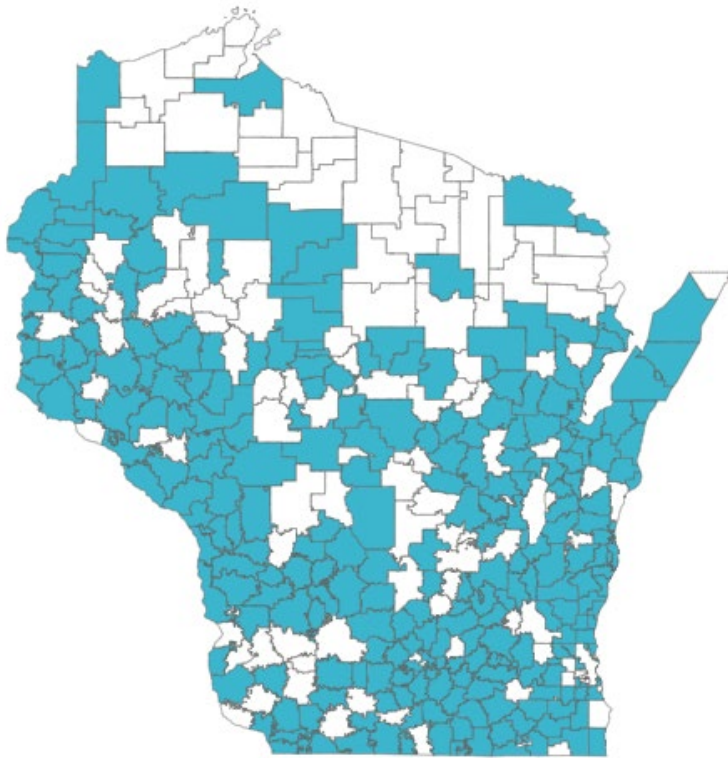


Clarify arbitrage and spending requirements

10 Year History - Debt Referenda

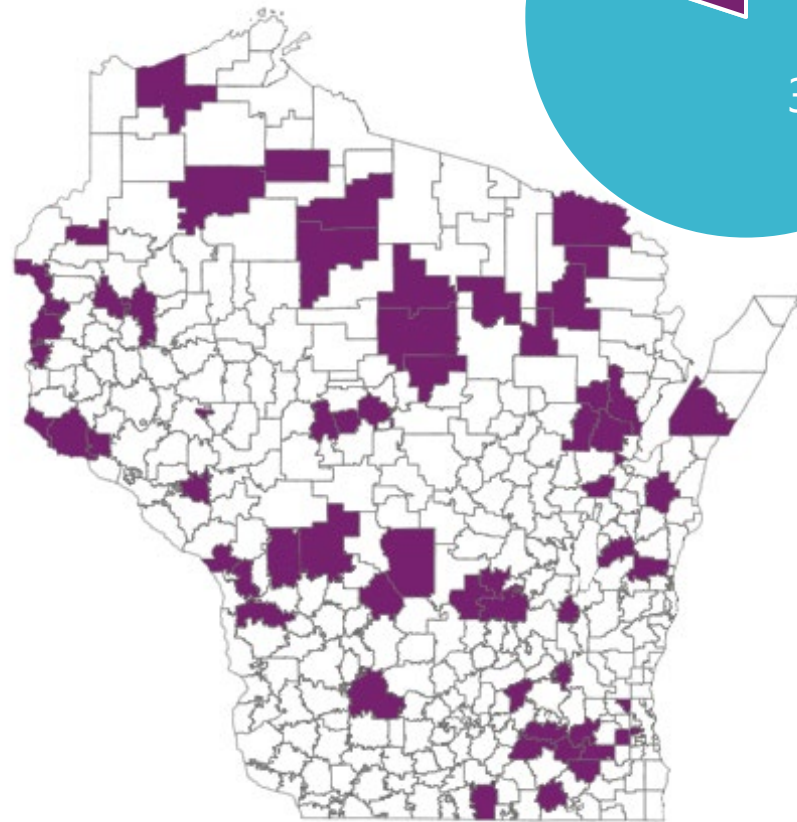
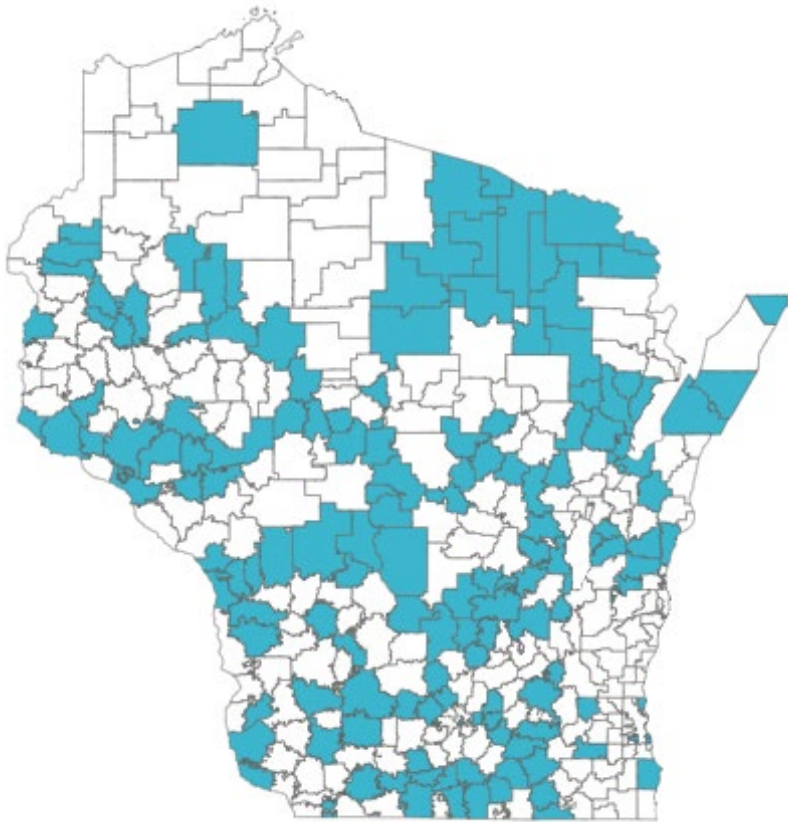
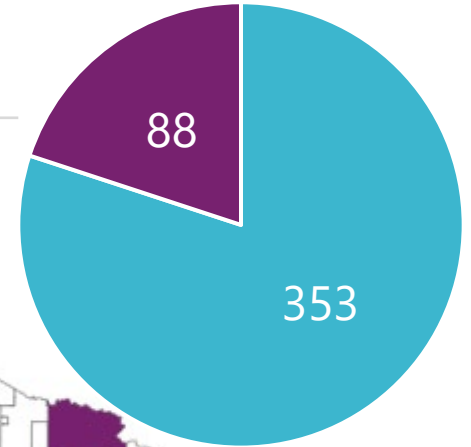
PASSED

FAILED



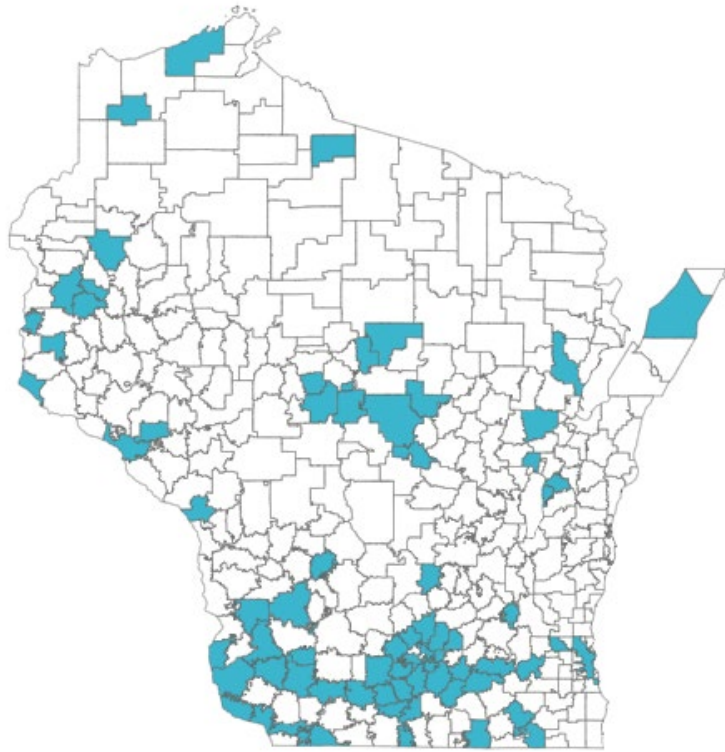
PASSED

FAILED

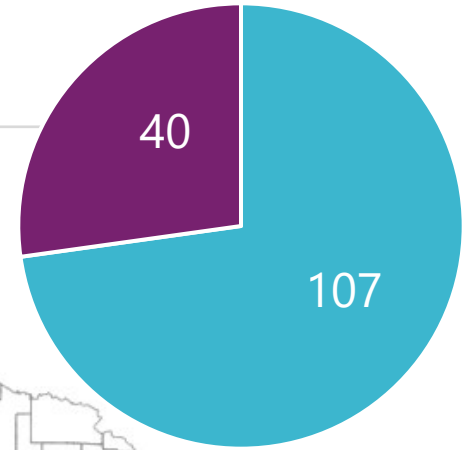
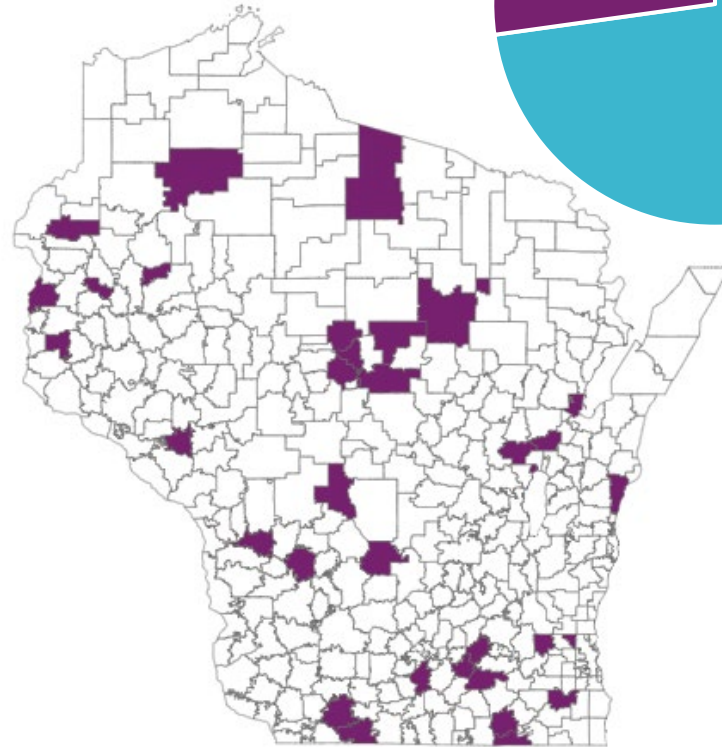


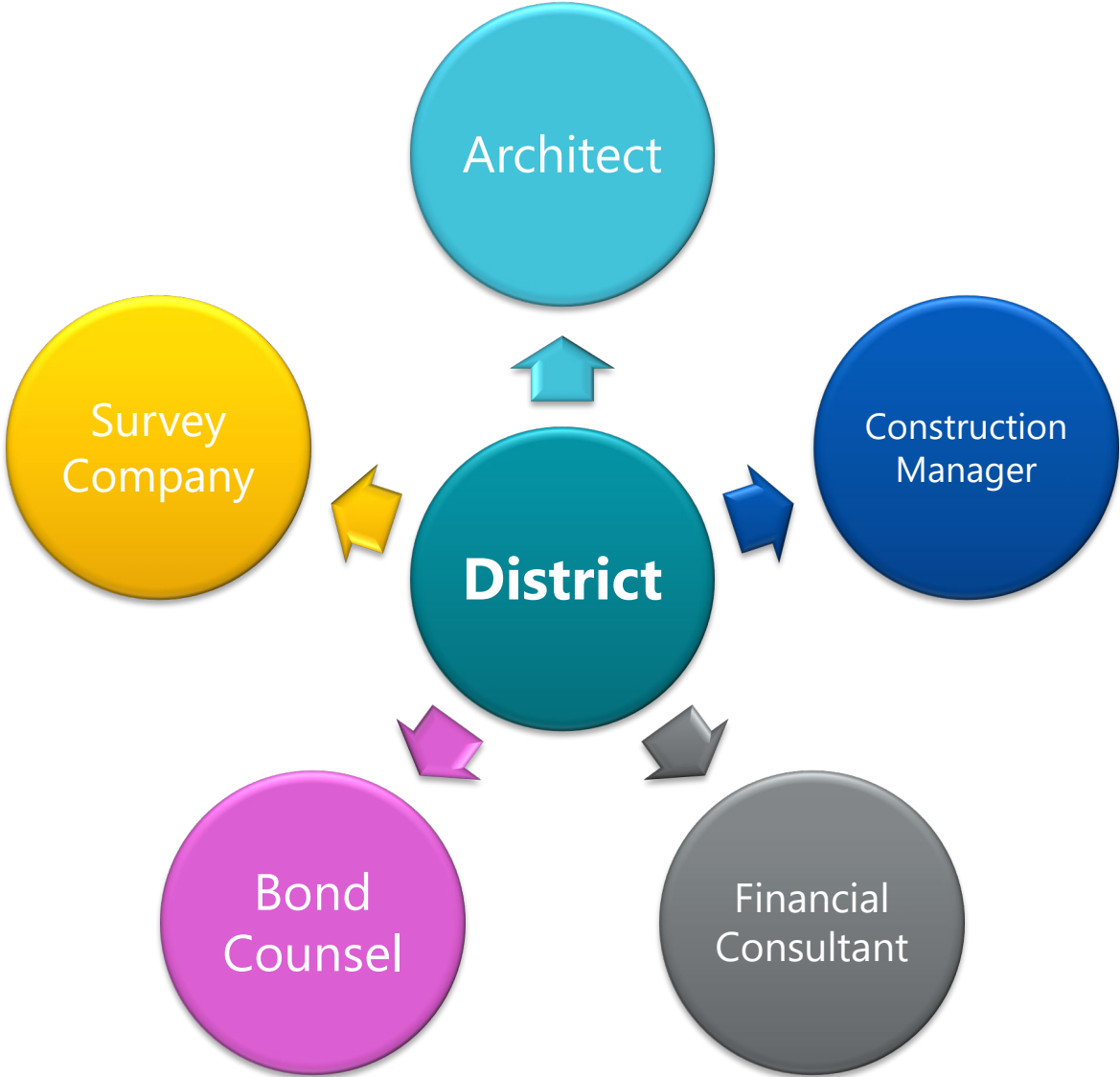
10 Year History - Recurring Referenda

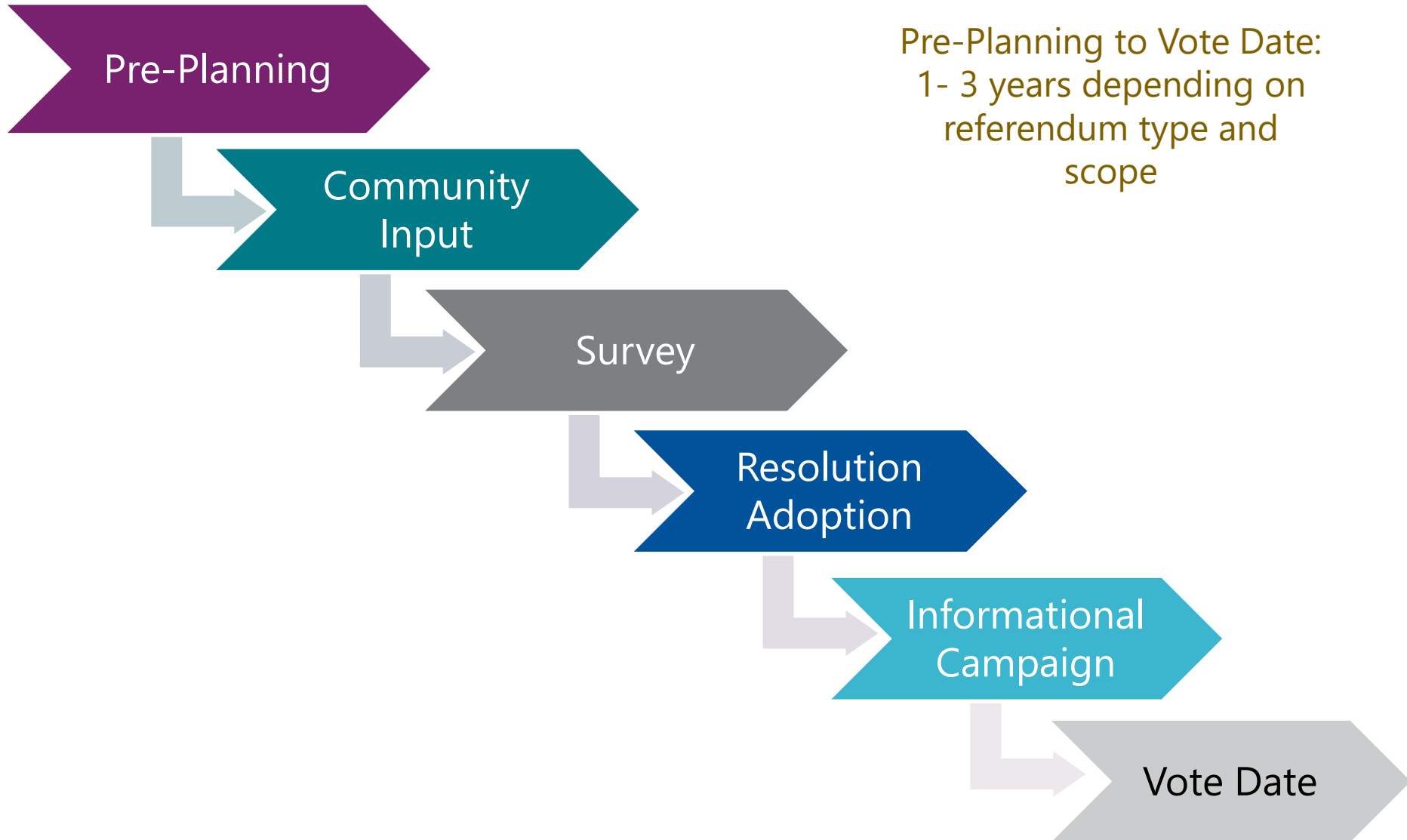
PASSED



FAILED







Legal Timelines and Requirements

Timeline of Legal Requirements

Action	Timing	Notes
Adopt initial, revenue limit & referendum resolutions (as applicable)	At least 70 days prior to the election date	
File ballot with County Clerks	At least 70 days prior to the election date	
Publish first notice	Within 10 days of adoption of initial resolution	
Notify DPI	Within 10 days of adoption of the resolutions	
Informational campaign	Ongoing through election date	More to come later
Publish second notice	On the 4 th Tuesday prior to the election	Type A Notice
Publish third notice	On the day prior to the election	Type B, C & D Notice
Election day	April 4, 2023	
Report results to DPI	Within 10 days of referendum (report preliminary results once known)	
Board of canvassers meet	By 9:00 a.m. on April 11, 2023	Meeting must be noticed and open to the public

Upcoming Primary and Election Dates

Election Dates	70 Day Ballot Filing Deadline
February 20, 2024	December 12, 2023
April 2, 2024	January 23, 2024
August 13, 2024	June 4, 2024
November 5, 2024	August 27, 2024
February 18, 2025	December 10, 2024
April 1, 2025	January 21, 2025
February 17, 2026	December 9, 2025
April 7, 2026	January 27, 2026
August 11, 2026	June 2, 2026
November 3, 2026	August 25, 2026

Resolution Adoption

Debt Issue

- **Initial Resolution** – authorizes debt issuance
 - Maximum amount
 - Purpose
- **Referendum Resolution**
 - Directs the District Clerk to call a referendum
 - Sets forth other procedural and notice requirements

Operational Limit

- **Revenue Limit Resolution** – authorizes operational revenue limit increase
 - Specifies excess amount(s)
 - Year(s)
 - Purpose
 - Whether recurring (permanent) or non-recurring (temporary)
- **Referendum Resolution**
 - Directs the District Clerk to call a referendum
 - Sets forth other procedural and notice requirements

Resolution
Adoption

Capital Borrowing/Debt Sample Ballot Question

"Shall the _____ School District, Wisconsin, be authorized to issue pursuant to Chapter 67 of the Wisconsin Statutes, general obligation bonds in an amount not to exceed \$_____ for the public purpose of paying the cost of a school building and facility improvement project consisting of: [*describe – for example 'construction of a new middle school on District-owned land' or 'renovations to District facilities consisting of...; and acquisition of furnishings, fixtures and equipment'*]?"



**Resolution
Adoption**

Non-Recurring Operational Referendum Sample Ballot Question

Shall the _____ School District, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$_____ per year beginning with the 2023-2024 school year and ending with the 2026-2027 school year, for non-recurring purposes consisting of operational and maintenance expenses?

Recurring Operational Referendum Sample Ballot Question

Shall the _____ School District, Wisconsin be authorized to exceed the revenue limit specified in Section 121.91, Wisconsin Statutes, by \$_____ beginning with the 2023-2024 school year, for recurring purposes consisting of operational and maintenance expenses?

Resolution Adoption

A Few Practical Tips for Ballot Questions:

- Certain Statutory requirements must be included (bond counsel makes sure these requirements are being met).
 - Bond counsel drafts ballot questions for review/comment.
- Have other members of your referendum team weigh-in on the ballot question(s).
- Be clear and concise.
- Provide some level of detail but not so much detail that the question becomes too cumbersome or confusing.
 - Use your informational campaign to explain the details to the community!

Informational Campaign

After the resolutions have been adopted, it is time to continue communicating with your stakeholders through the informational campaign.

Use of District Funds

- District funds can be used for informational materials (factual information).
- Expenditures may be made for public purposes.
- Inform voters of the facts so that voters can make an educated vote.
 - *Examples* – the date of the election, an explanation of the referendum question, the purpose of the referendum (in a factual manner), the estimated tax impact (cite sources and make clear when a projection)
- Neutral fact sheets are okay.
- Social media posts by the district that are meant to inform voters with factual information are generally okay.

Informational Campaign

Use of District Funds

- District funds cannot be used for "express advocacy" or political/promotional materials.
 - No "express advocacy" – phrases such as "vote for", "elect", "support", "cast your ballot for", "vote against", "defeat", "reject".
 - Avoid "puffery".
 - District computers/technology equipment should not be used for any political/promotional purpose.

Informational Campaign

School Board members may

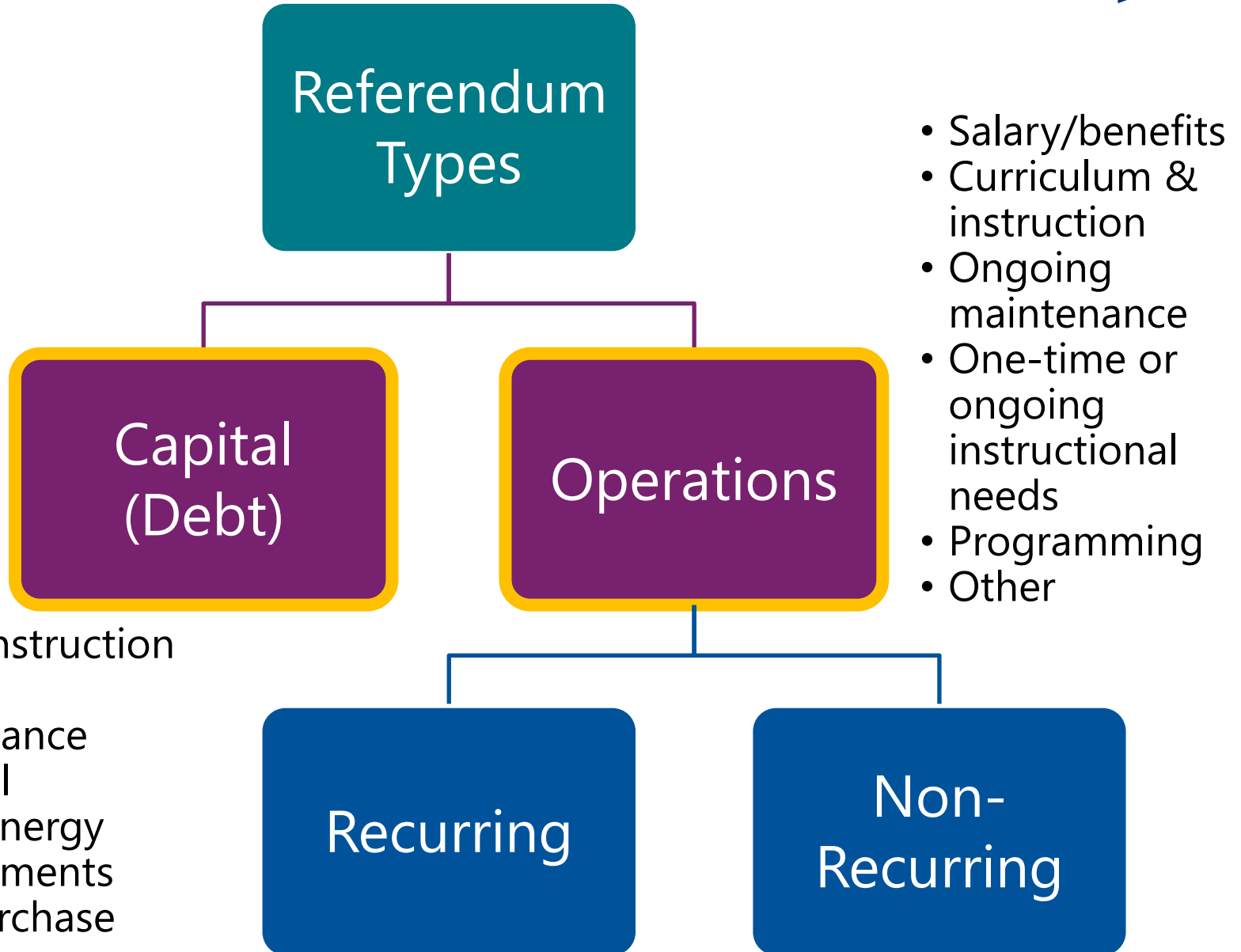
- School Board members are not school district employees and may speak freely in favor of or against a referendum as individual citizens of a district.
- School Board members may individually be involved in referendum committees (in compliance with applicable law – for example, campaign finance and open meeting laws).
- **School Board members should make clear when expressing their viewpoint that they are speaking as an individual citizen and not on behalf of the district, the board or in one's board member role.**

Informational Campaign

Role of School District Administration and Teachers and Staff

- As employees of the district, district administration, teachers and staff cannot engage in political/promotional activities during working hours or use district resources for that purpose.
 - No social media posts during working hours that involve advocacy.
 - No work on a referendum committee/campaign during working hours.
 - No use of district resources or technology at any time for advocacy purposes.
- More limited role for school district administration.
 - Can be a resource and provide and distribute information and facts.
 - May attend community meetings and discuss the referendum in a factual manner.

Post-Referendum Accounting and Processes



How the District Receives the Referendum Revenue



Operational Referendums:



- Levy via the Revenue Limit Worksheet
- Included in Fund 10 tax levy

DISTRICT:				2022-2023 Revenue Limit Worksheet			
Line 1 Amount May Not Exceed (Line 11 - (Line 7B-Line 10) of Final 21-22 Revenue Limit				2022-23 Base Revenue (Funds 10, 38, 41)			
2021-22 General Aid Certification (21-22 Line 12A, src 621)				Base Dept Membership Avg (2019-4ss, 2020-4ss, 2021-4ss)Y			
2021-22 18 Prov Aid (21-22 Line 12B, Src 628)				2022-23 Base Revenue Per Member (Ln 1 / Ln 2)			
2021-22 Computer Aid Received (21-22 Line 12C, Src 691)				2022-23 Per Member Change (A+B)			
2021-22 Aid for Exempt Personal Property (21-22 Line 12D, Src 691)				2022-23 Low Revenue Ceiling per s. 121.905(1)			
2021-22 Fund 10 Levy Cert (21-22 Line 14A, Levy 10 Src 211)				A. Allowed Per Member Change for 22-23			
2021-22 Fund 38 Levy Cert (21-22 Line 14B, Levy 38 Src 211)				B. Low Rev Incr (Low Rev Ceiling)-(A)(4)(4) NOT 0			
2021-22 Fund 41 Levy Cert (21-22 Line 14C, Levy 41 Src 211)				C. Value of the CDEER (20-23 CDEER Composite-CDEER Net only)			
2021-22 Aid Penalty for Over Levy (21-22 FNNL Rev Lim. June 2022)				E. 2022-23 Maximum Revenue Per Member (Ln 3 x Ln 4)			
2021-22 Total Levy for All Leased Non-Recurring Exemptions*				F. Current Membership Avg. (2020-4ss, 2021-4ss, 2022-4ss)Y			
NET 2022-23 Base Revenue Built from 2021-22 Data (Line 1)				G. 2022-23 Rev. Limit, No Exemptions (Ln 5 + Ln 7B)			
				A. Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)			
				B. Total 2022-23 Recurring Exemptions (A+B)-(C)+(D)			
				A. Prior Year Carryover			
				B. Transfer of Service			
				C. Recurring Exemptions - Other (Exempt Personal Property)			
				E. Recurring Exemptions to Exceed (if 2022-23 is first year)			
				A. Non-Recurring Referrals to Exceed 2022-23 Limit			
				C. Energy Efficiency Net Exemption for 2022-23 (see ss 4 for details)			
				D. Adjustment for Refunded or Rescinded Taxes, 2022-23			
				E. Prior Year Open Enrollment (unaccounted paid(s))			
				F. Reduction for Ineligible Fund 80 Exemptions (see ss 400000)			
				G. Other Adjustments (Fund 39 Bal Transfer)			
				H. SNPP and SNPP Private School Voucher Aid Deduction			
				I. SNPP Private School Voucher Aid Deduction			
				J. 2022-23 Revenue Limit With All Exemptions (Ln 8 + Ln 10)			
				K. 2022-23 OCT 15 CERT OF GENERAL AID			
				C. State Aid for Exempt Computers (Source 691)			
				D. State Aid for Exempt Personal Property (Source 691)			
				DISTRICTS MUST USE THE OCT 15 CERT OF GENERAL AID WHEN SETTING THE DISTRICT LEVY.			
				13. Allowable Limited Revenue: (Line 11 - Line 12)			
				14. Total Limited Revenue To Be Used (A+B+C)			
				Enter amounts needed by purpose and fund			
				A. Gen Operations - Fund 10 Src 211			
				B. Non-Referendum Debt (include limit) - Fund 38 Src 211			
				C. Capital Exp, Annual Meeting Approval, Fund 41 Src 211			
				15. Total Revenue from Other Levies (A+B+C+D)			
				A. Referendum Approved Debt (Fund 38 Debt-Src 211)			
				B. Community Services (Fund 80 Src 211)			
				C. Prior Year Levy Chargeback for Uncollectible Taxes (Src 212)			
				D. Other Levy Revenue - Milwaukee & Kenosha Only			
				16. Total Fall 2022 REPORTED All Fund Tax Levy (14A + 14B + 14C + 15)			
				Levy Rate =			
				Levy Rate =			

Capital (Debt) Referendums:

- Issue debt
- Note/bond proceeds deposited into Fund 49

Placement on Revenue Limit Worksheet Non-Recurring

<u>Vote Date</u>	 <u>Amount</u>	 <u>Type</u>	<u>Yes</u>	<u>No</u>	<u>Result</u>	<u>Brief Description</u>
04/06/2021	2021-2022 \$675,000 2022-2023 \$775,000 Total: \$1,450,000	NR 2022-2023	251	188	Passed	

2021-2022 Revenue Limit Worksheet

10. Total 2021-22 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)		823,000
A. Non-Recurring Referenda to Exceed 2021-22 Limit	675,000	
B. Declining Enrollment Exemption for 2021-22 (from left)	80,321	
C. Energy Efficiency Net Exemption for 2021-22 (see pg 4 for details)	61,487	


2022-2023 Revenue Limit Worksheet

10. Total 2022-23 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)		868,922
A. Non-Recurring Referenda to Exceed 2022-23 Limit	775,000	
B. Declining Enrollment Exemption for 2022-23 (from left)	32,443	
C. Energy Efficiency Net Exemption for 2022-23 (see pg 4 for details)	61,487	

2023-2024 Revenue Limit Worksheet

10. Total 2023-24 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)		0
A. Non-Recurring Referenda to Exceed 2023-24 Limit	0	
B. Declining Enrollment Exemption for 2023-24 (from left)		
C. Energy Efficiency Net Exemption for 2023-24 (see pg 4 for details)		

Placement on Revenue Limit Worksheet Recurring

<u>Vote Date</u>	<u>Amount</u>	 <u>Type</u>	<u>Yes</u>	<u>No</u>	<u>Result</u>	<u>Brief Description</u>
11/08/2022	2022 \$999,999	RR 2022	1,897	1,240	Passed	To exceed the revenue limit by \$999,999 beginning with the 2022-2023 school year, for recurring purposes consisting of operational and maintenance expenses.
	Total: \$999,999					

2022-2023 Revenue Limit Worksheet			
5.	2022-23 Maximum Revenue / Member (Ln 3 + Ln 4)		10,537.90
6.	Current Membership Avg (2020+.4ss, 2021+.4ss, 2022+.4ss)/3	(from left)	916
7.	2022-23 Rev Limit, No Exemptions (Ln 7A + Ln 7B)	(rounded)	9,705,406
A.	Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)		9,652,716
B.	Hold Harmless Non-Recurring Exemption		52,690
8.	Total 2022		
2023-2024 Revenue Limit Worksheet			
A.	Prior Year		
3.	2023-24 Base Revenue Per Member (Ln 1 / Ln2)		11,629.60
B.	Transfer of Service		0.00
4.	2023-24 Per Member Change (A+B)		
C.	Transfer of Territory		
5.	2023-24 Maximum Revenue / Member (Ln 3 + Ln 4)		11,629.60
D.	Federal Impact Aid Loss (2021-22 to 2022-23)		0
E.	Recurring Referenda to Exceed (If 2023-24 is first year)		0
6.	Current Membership Avg (2021+.4ss, 2022+.4ss, 2023+.4ss)/3	(from left)	0
7.	2023-24 Rev Limit, No Exemptions (Ln7A + Ln 7B)	(rounded)	0
A.	Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)		0
B.	Hold Harmless Non-Recurring Exemption		0
8.	Total 2023-24 Recurring Exemptions (A+B+C+D+E)	(rounded)	0
A.	Prior Year Carryover		0
B.	Transfer of Service		0
C.	Transfer of Territory/Other Reorg (if negative, include sign)		0
D.	Federal Impact Aid Loss (2021-22 to 2022-23)		0
E.	Recurring Referenda to Exceed (If 2023-24 is first year)		0



No. we have to use the full authority granted?

Yes, how do we adjust? Full Authority

What are the long-term impacts?

- **Non-Recurring referendum: one-time levy opportunity for that year, not used and not available later**
- **Recurring referendum: carry into following year (use later)**

DISTRICTS MUST USE THE OCT 15 AID CERT WHEN SETTING THE DISTRICT LEVY.

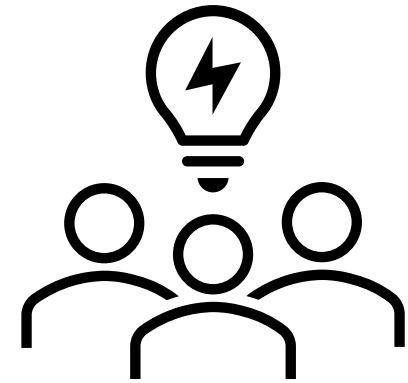
13. Allowable Limited Revenue: (Line 11 - Line 12) (10, 38, 41 Levies)		4,775,862	← allowed
14. Total Limited Revenue To Be Used (A+B+C)	Not >line 13	4,735,474	← levied
Entries Required Below: Enter amnts needed by purpose and fund:			
			= \$40,000 Underlevy

Operational Referendums:

- Revenue:
 - Levy via the Revenue Limit Worksheet
- Expenditures:
 - Typically, no coding changes as a result
 - No unique Fund
 - No unique Program/Project code required

Capital (Debt) Referendums:

- Issue debt
- Note/bond proceeds deposited into Fund 49
- Note/bond repayment via Fund 39



Note / Bond Issuance



Fund 49 Considerations:

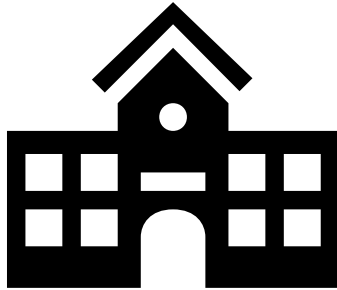
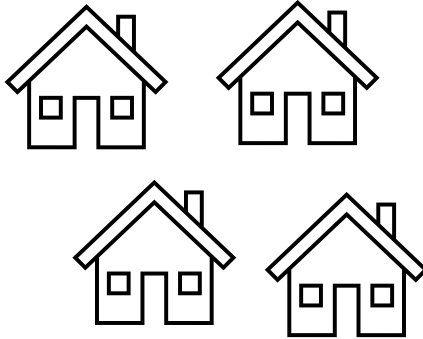
- Investment account
 - Collateralized
 - Use draw schedule to determine investment timing
- Distinguishing between projects not required. If desired, consider:
 - Location
 - Program/project code

Debt Proceeds
Fund 49



Revenue = Debt Proceeds (+ others)
Expenditures = Project Costs

Note / Bond Issuance



Note / Bond Repayment: **Fund 39**

Revenue = Tax Levy (+ others)
Expenditures = Debt Payments

District Levies

District Pays
Note/Bond Principal
and Interest



Taxpayers Pay their
Portion to District
via Municipalities

Placement on Revenue Limit Worksheet Capital (Debt) Referendum



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Existing General Obligation Debt Service Payments

PAYMENT PERIOD	PRINCIPAL	INTEREST	TOTAL	FISCAL YEAR TOTAL	CALENDAR YEAR TOTAL
July-Dec 2022		\$195,097	\$195,097		\$1,280,607
Jan-June 2023	\$1,127,000	\$640,056	\$1,767,056	\$1,962,153	
July-Dec 2023		\$557,252	\$557,252		\$2,324,308
Jan-June 2024	\$1,076,000	\$557,252	\$1,633,252	\$2,190,505	
July-Dec 2024		\$548,781	\$548,781		\$2,182,033

2022-2023 Revenue Limit Worksheet

14. Total Limited Revenue To Be Used (A+B+C)	Not >line 13	4,735,474
Entries Required Below: Enter amnts needed by purpose and fund:		
A. Gen Operations: Fnd 10 Src 211	4,128,524	(Proposed Fund 10)
B. Non-Referendum Debt (inside limit) Fund 38 Src 211	606,950	(to Budget Rpt)
C. Capital Exp, Annual Meeting Approved: Fund 41 Src 211	0	(to Budget Rpt)
15. Total Revenue from Other Levies (A+B+C+D)		2,394,308
A. Referendum Apprvd Debt (Fund 39 Debt-Src 211)	2,324,308	
B. Community Services (Fund 80 Src 211)	70,000	(to Budget Rpt)
C. Prior Year Levy Chargeback for Uncollectible Taxes (Src 212)	0	(to Budget Rpt)
D. Other Levy Revenue - Milwaukee & Kenosha Only	0	(to Budget Rpt)
16. Total Fall, 2022 REPORTED All Fund Tax Levy (14A + 14B + 14C + 15)		7,129,782
<i>Line 16 is the total levy to be apportioned in the PI-401.</i>	Levy Rate =	0.00676633

Entering Debt into the Debt Portal



Within 10 days,
enter in the DPI
SAFR Debt Portal

Long-Term Debt Issues - All Debt								
Name	Debt Type [▲] / _▼	Fund	Function	Issue Date	Maturity Date	Original Amount	Current Balance	Payment Schedule
	Bond Issue	39	281	03/01/1998	09/01/2012	\$1,340,000.00	\$0.00	View
WRS REFINANCING	Bond Issue	38	281	08/01/2003	03/01/2017	\$460,000.00	\$0.00	View
9,950,000 GO SCHOOL BUILDING BONDS	Bond Issue	39	281	03/04/2008	09/01/2028	\$9,950,000.00	\$0.00	View
\$5,650,000 General Obligation Refunding Bonds, Series 2016	Bond Issue	39	281	04/13/2016	09/01/2026	\$5,650,000.00	\$2,670,000.00	View
POOL RENOVATION	Note	38	281	03/03/2021	12/01/2030	\$585,325.15	\$555,418.99	View
PHASE II 2008	State Trust Fund Loan	39	281	08/26/2009	03/15/2024	\$1,050,000.00	\$0.00	View

Add New Issue

New

Edit

Edit

[SFS Homepage](#)



[Baird Video Library Video – Entering Debt into the Debt Portal](#)

Entering Debt into the Debt Portal



The portal detail determines how to code annual expenditures

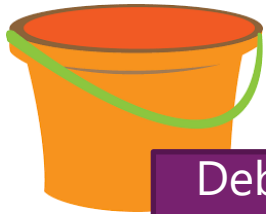
Name	Debt Type <small>A Z ↓</small>	Fund	Function
General Obligation Refunding Bonds	Bond Issue	39	281
Taxable General Obligation Refunding Bonds			

670	Principal
673	Long-Term Note Principal
674	State Trust Fund Loan Principal
675	Long-Term Bond Principal
676	TEACH Loan Principal
677	Land Contract Principal
678	Capital Lease Principal
680	Interest
682	Temporary Note Interest
683	Long-Term Note Interest
684	State Trust Fund Loan Interest
685	Long-Term Bond Interest
686	TEACH Loan interest
687	Land Contract Interest
688	Capital Lease Interest

Correctly Coded:

39 E 800 675 281000 000
39 E 800 685 281000 000

DPI Coding Guide



**Debt Proceeds
Fund 49**



**Debt Repayment
Fund 38 or 39**

Journal Entries for Debt Issuance and Subsequent Interest and Principal Payments

Below are the anticipated journal entries to record the various debt issuance by a school district.

Also included below are the debt anticipated journal entries to record the debt interest and principal payments.

Debt is recorded in Fund 38 if non-referendum related or in Fund 39 if referendum related.

General Obligation Bonds

Dr. 49 B 000 000 711000 000	Cash	-	
Cr. 49 R 000 875 500000 000	Long-Term Bond Proceeds	-	
			JE IN BALANCE

To Record Bond Premium, if applicable

Dr. 38/39 B 000 000 711000 000	Cash	-	
Dr. 38/39 E 000 690 281000 000	Other Debt Payment-Closing Costs	-	
Dr. 38/39 E 000 690 281000 000	Other Debt Payment-Discount	-	
Cr. 38/39 R 000 968 500000 000	Debt Premium-Non-Refinancing Debt	-	
			JE IN BALANCE

Debt Service Interest and Principal Payments

Dr. 38/39 E 000 675 281000 000	Long-Term Bond Principal	-	
Dr. 38/39 E 000 685 281000 000	Long-Term Bond Interest	-	
Cr. 38/39 B 000 000 711000 000	Cash	-	
			JE IN BALANCE

General Obligation Notes

To Record Note Issuance

Dr. 49 B 000 000 711000 000	Cash	-	
Cr. 49 R 000 873 500000 000	Long-Term Notes Proceeds	-	
			JE IN BALANCE

To Record Note Premium, if applicable

Dr. 38/39 B 000 000 711000 000	Cash	-	
Dr. 38/39 E 000 690 281000 000	Other Debt Payment-Closing Costs	-	
Dr. 38/39 E 000 690 281000 000	Other Debt Payment-Discount	-	
Cr. 38/39 R 000 968 500000 000	Debt Premium-Non-Refinancing Debt	-	
			JE IN BALANCE

Debt Service Payments

Dr. 38/39 E 000 673 281000 000	Long-Term Notes Principal	-	
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Baird Video Library Video – Coding Debt Issues

Arbitrage and Spend down Requirements

Arbitrage & Rebate

- Arbitrage
 - Applies to tax-exempt debt issues
 - Earning a materially higher rate of return on investment of tax-exempt bond/note proceeds than the interest rate (arbitrage yield) on that debt (for example, earning 4.00% when bond yield is 3.00%)
- IRS Purpose
 - Removes incentive to issue more tax-exempt debt than necessary or earlier or for longer than necessary
- Yield Restriction
 - Restriction on the investment yield that can be earned
- Arbitrage rebate
 - When arbitrage must be paid back to the IRS

Temporary Periods

- Period of time where investment of proceeds may earn more than the arbitrage yield on the tax-exempt debt

- Capital project (new money) issues
 - Reasonable expectation that 85% of proceeds spent within **3 years**
 - If not spent within three years, must yield restrict to bond/note arbitrage yield
 - Must incur a binding obligation to spend at least 5% of the net sale proceeds on the project within 6 months of the debt issuance
 - Proceed with due diligence to complete the project

- Current Refunding Issues
 - **90 days**

Temporary Periods

- Bona Fide Debt Service Fund
 - **13 months**
 - Debt service fund accounts on tax-exempt issues are supposed to be swept out annually except for a de minimis carryover amount
 - De minimis carryover = the greater of 1/12 of the principal and interest payments on the bonds/notes for the immediately preceding bond year or the earnings on that debt service fund account in the preceding bond year
 - Must otherwise yield restrict other amounts in the debt service fund account to the arbitrage yield on the bonds/notes

Rebate Exceptions

- Unless a rebate exception is met, any positive arbitrage on the investment of the bond proceeds must be rebated to the IRS.

Rebate Exceptions For Capital Project (New Money) Issues

- Small Issuer Exception
 - \$15MM debt limit in calendar year with \$5MM limit for equipment/tax-exempt cash flow borrowings (non-construction)
 - Current refunding issues typically do not count against this limit
- 18 Month Spending Exception
 - 15% within 6 months, 60% within 1 year, 100% within 18 months
- 2 Year Spending Exception
 - For construction issues only – 75% or more of the proceeds to finance construction expenditures
 - 10% within 6 months, 45% within 1 year, 75% within 18 months, 100% within 2 years

Rebate Exception For Current Refunding Issues

- 6 month rebate exception

Remaining Project Proceeds

- If there are remaining project proceeds (Fund 49):
 - 1) Use remaining funds for other eligible project expenditures, or
 - 2) If project has been completed, deposit any remaining funds in the debt service fund (Fund 39 or Fund 38, as applicable) to be used to pay down the debt service on the bonds/notes
 - defease debt if not currently callable, or
 - debt prepayment if currently callable

Important Disclosures

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