

INITIAL RESOLUTION

RESOLUTION RELATING TO THE ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS FOR THE PURPOSE OF REFINANCING THE \$19,300,000 ORIGINAL PRINCIPAL AMOUNT CITY OF MADISON, WISCONSIN INDUSTRIAL DEVELOPMENT REVENUE REFUNDING BONDS, SERIES 2002B (MADISON GAS AND ELECTRIC COMPANY PROJECT) AND FINANCING ADDITIONAL CAPITAL PROJECTS FOR MADISON GAS AND ELECTRIC COMPANY

WHEREAS, the City of Madison, Wisconsin (the “City”), is authorized by Section 66.1103, Wisconsin Statutes, as amended (the “Act”), (i) to borrow money and issue revenue bonds (“Revenue Bonds”) (a) to finance all or any part of the costs of the construction, equipping, reequipping, acquisition, installation, reconstruction, rebuilding, rehabilitation, improving, supplementing, replacing, maintaining, repairing, enlarging, extending, or remodeling of industrial projects, including facilities for the generation, manufacturing, transmission, or distribution of electric energy or gas and (b) to refund the whole or any part of any revenue bonds theretofore issued by the City; and (ii) to enter into revenue agreements with eligible participants with respect to such Revenue Bonds, which Revenue Bonds are to be payable solely out of the revenues derived pursuant to the revenue agreement pertaining to the project to be financed or refinanced by the Revenue Bonds so issued, all in order to promote the right to gainful employment, business opportunities, and general welfare of its inhabitants; and

WHEREAS, the Common Council of the City adopted an initial resolution on November 2, 1982 (the “1982 Initial Resolution”) as to the financing of that certain project described below (the “1982 Project”) to be owned and operated by Madison Gas and Electric Company, a corporation duly organized under the laws of the State of Wisconsin (the “Company”) having an aggregate estimated cost of approximately \$50,000,000, through the issuance of one or more series of its industrial development revenue bonds pursuant to the Act; and

WHEREAS, the 1982 Project consisted of additions and improvements to the local electric transmission/distribution facilities of the Company used to serve retail electric customers in Dane County, Wisconsin, including various capital improvements to extend service to new customers and to upgrade the capacity of, or acquire new lines, transformers and substations, and capital improvements to its Blount generating station, including compliance with applicable pollution abatement requirements; and

WHEREAS, pursuant to the 1982 Initial Resolution and a bond resolution of the City adopted on December 7, 1982, the City issued on December 23, 1982 \$25,000,000 aggregate principal amount of its 10.60%, Industrial Development Revenue Bonds, Series 1982 (Madison Gas and Electric Company Project) (the “1982 Bonds”) to finance costs of the 1982 Project and certain other capital costs of the Company; and

WHEREAS, the Common Council of the City adopted an initial resolution on March 3, 1992 (the “1992 Initial Resolution”) relating to (a) the financing of the 1992 Project (as defined in the 1992 Initial Resolution and as described below) through the issuance of its industrial development revenue bonds, and (b) the issuance by the City of its industrial development revenue refunding bonds to refund in whole the 1982 Bonds; and

WHEREAS, the 1992 Project consisted of additions and improvements to the local electric facilities of the Company used to serve retail electric customers in Dane County, Wisconsin, including various capital improvements to extend service to new customers and to upgrade the capacity of, or acquire new, lines, transformers and substations, and capital improvements to its Blount generating station, including compliance with applicable pollution abatement requirements, and additions and improvements to increase the generating capacity of the Company (except for expenses of certain combustion turbines located in Fitchburg, Dane County, Wisconsin); and

WHEREAS, pursuant to the 1992 Initial Resolution and a bond resolution of the City adopted on April 21, 1992, the City issued on April 21, 1992 \$28,000,000 aggregate principal amount of its 6.75% Industrial Development Revenue Bonds, Series 1992A (Madison Gas and Electric Company Project) (the “1992A Bonds”) in order to finance costs of the 1992 Project and the City issued on October 28, 1992 \$19,300,000 aggregate principal amount of its 6.70% Industrial Development Revenue Refunding Bonds, Series 1992B (Madison Gas and Electric Company Project) (the “1992B Bonds”) as part of a refunding in whole of the 1982 Bonds; and

WHEREAS, the Common Council of the City adopted an initial resolution on March 5, 2002 (the “2002 Initial Resolution”) and a resolution on April 9, 2002 (the “2002 Bond Resolution”) to authorize the refinancing of the 1992A Bonds and the 1992B Bonds, and the City issued its \$28,000,000 original principal amount Industrial Development Revenue Refunding Bonds (Madison Gas and Electric Company Project), Series 2002A (the “2002A Bonds”) for the purpose of refunding the 1992A Bonds, and its \$19,300,000 original principal amount Industrial Development Revenue Refunding Bonds (Madison Gas and Electric Company Project), Series 2002B (the “2002B Bonds”) for the purpose of refunding the 1992B Bonds, thereby mitigating the interest expense of the Company; and

WHEREAS, the Company has requested that the City issue one or more issues or series of its industrial development revenue bonds (collectively, the “2020 Bonds”), with a portion of the 2020 Bonds presently estimated at \$19,300,000 to be used to refund in whole the 2002B Bonds (the “2020 Refunding Bonds”), and a portion of the 2020 Bonds presently estimated at not to exceed \$45,000,000 (the “2020 New Money Bonds”) to be used to fund various capital improvements and to upgrade the capacity of, or acquire new, lines, transformers and substations, and capital improvements to its generating stations, including compliance with applicable pollution abatement requirements, and additions and improvements to increase the generating capacity of the Company (the “2020 Project”); and

WHEREAS, the City has been informed by the Company that (1) the 1982 Project and the 1992 Project maintained the same number of jobs at the Project sites and elsewhere in the State of Wisconsin as were in existence at the time the 1982 Bonds and the 1992A Bonds, respectively, were initially issued, (2) no jobs were eliminated anywhere in the State of Wisconsin as a result of such Projects, (3) no jobs were eliminated, created or maintained in connection with the issuance of the 2002A Bonds or 2002B Bonds, and (4) no jobs are expected to be eliminated, created or maintained in connection with the issuance of the 2020 Bonds; and

WHEREAS, the 2020 Bonds will constitute Revenue Bonds under the Act; and

WHEREAS, it is the finding and determination of this Common Council that the City would derive public benefit from the issuance of the 2020 Bonds, including, by way of illustration but not limitation, the following: (i) the provision and retention of employment opportunities for the citizens of the City; (ii) the stimulation of the flow of investment capital into the City which will result in beneficial effects on the economy in the City; (iii) the preservation and enhancement of the City's industrial base; and (iv) the creation of a direct benefit to the taxpaying residents of the City inasmuch as over 70 percent of the ratepayers of the Company constitute taxpaying residents of the City; that the 1982 Project, the 1992 Project and the 2020 Project described herein each constitutes a "project" within the meaning of the Act; and that the Company is an "eligible participant" within the meaning of the Act; and

WHEREAS, the Company has agreed with the City, *inter alia*, to pay the fees of Bond Counsel resulting from the request for this Resolution, its adoption, and all actions of the City with respect thereto from the Company's funds, whether or not any series of bonds are issued; and

WHEREAS, it is the further finding of this Common Council that the issuance of the 2020 Bonds are all in the best interests of the City.

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

(1) In view of the benefits to be derived by the City from the issuance of the 2020 Bonds, the City intends:

(a) To enter into one or more revenue agreements with the Company with respect to the issuance of the 2020 Bonds providing revenues sufficient to pay principal of, premium, if any, and interest on, each series of the 2020 Bonds when due;

(b) To assign the revenue agreement(s) and pledge the revenues and other amounts therefrom to the holders of the series of 2020 Bonds issued pursuant thereto or to a trustee under an indenture of trust; and

(c) Pursuant to the Act, to issue, sell, and deliver to purchasers procured by the Company (i) the 2020 Refunding Bonds in an aggregate amount sufficient to refund all of the 2002B Bonds, and (ii) the 2020 New Money Bonds in an aggregate amount sufficient to finance the 2020 Project, and such 2020 Bonds shall be payable solely from the revenues derived from the revenue agreement(s) with the Company.

(2) The 2020 Bonds shall never constitute an indebtedness of the City within the meaning of any state constitutional provision or statutory limitation, and the 2020 Bonds shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

(3) The appropriate officers of the City are hereby further authorized to negotiate the terms of one or more revenue agreements, one or more bond purchase agreements, one or more indentures of trust, and any other documents required to enable the 2020 Bonds to be issued, *provided* that all such terms, documents, and procedures shall

be subject to the conditions of this Resolution and the provisions of the Act and shall not be binding unless and until:

(a) The details of the revenue agreements and all documents pertinent thereto are agreed to by the parties and reviewed, authorized, and approved in substantially final form by resolution of this Common Council;

(b) The electors of the City shall have been given the opportunity to petition for a referendum on the matter of the issuance of the 2020 Bonds as required by the Act;

(c) Either no such petition shall be timely filed or such petition shall have been so filed and said referendum shall have approved the issuance of the 2020 Bonds; and

(d) All documents required in connection with the financing shall have been duly executed or obtained by the appropriate parties and delivered to the extent required, *provided, however*, that the City shall not be responsible for finding any purchasers of any 2020 Bonds.

(4) The City Clerk is hereby directed to cause to be published notice of adoption of this Initial Resolution as a class 1 notice under Chapter 985, Wisconsin Statutes, in The Wisconsin State Journal in substantially the form attached to this Initial Resolution.

(5) The City Clerk is hereby further directed to file with the Secretary of Commerce of the State of Wisconsin a copy of this Initial Resolution, together with a copy of the public notice of its adoption, within twenty (20) days following publication of such notice.

(6) The City Clerk is hereby directed to determine, in consultation with the Company, a date for a public hearing, if deemed necessary by Bond Counsel, to be held pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, with respect to the issuance of the 2020 Bonds, and to cause to be published notice of such hearing in accordance with said Section.

(7) This Initial Resolution shall constitute an “official intent” for purposes of Treasury Regulation Section 1.150-2 with respect to an amount not to exceed \$45,000,000 for the 2020 New Money Bonds, as the City has a reasonable expectation that the 2020 New Money Bonds will be issued and a portion of the proceeds from the 2020 New Money Bonds will be used to reimburse eligible capital expenditures made by the Company in connection with the 2020 Project.

(8) This Initial Resolution shall be effective immediately upon its passage and approval. Unless the first series of the 2020 Bonds shall have been issued prior to a date occurring twelve (12) months after the date of adoption of this Initial Resolution, the authorities and authorizations given by this Resolution shall expire on such later date.

(9) This Initial Resolution is an “initial resolution” within the meaning of the Act.

Adopted February 4, 2020

City Clerk

**NOTICE TO ELECTORS
OF THE
CITY OF MADISON, DANE COUNTY, WISCONSIN**

NOTICE IS HEREBY GIVEN to the electors of the City of Madison, Dane County, Wisconsin and to all other persons interested that the Common Council of the City of Madison on February 4, 2020 adopted, pursuant to Section 66.1103, Wisconsin Statutes, as supplemented and amended, an Initial Resolution declaring its intention to issue industrial development revenue refunding bonds in one or more issues and in one or more series (collectively, the “2020 Bonds”) of the City of Madison in an aggregate principal amount not to exceed Sixty-Four Million Three Hundred Thousand Dollars (\$64,300,000) on behalf of Madison Gas and Electric Company (the “Company”), for the purpose of refunding \$19,300,000 aggregate principal amount of the City of Madison, Wisconsin Industrial Development Revenue Refunding Bonds, Series 2002B (Madison Gas and Electric Company Project) (the “2002B Bonds”) and to finance various capital improvements and to upgrade the capacity of, or acquire new, lines, transformers and substations, and capital improvements to its generating stations, including compliance with applicable pollution abatement requirements, and additions and improvements to increase the generating capacity of the Company (the “2020 Project”). The 2002B Bonds were issued to refund in whole \$19,300,000 aggregate principal amount of its Industrial Development Revenue Refunding Bonds, Series 1992B (Madison Gas and Electric Company Project) (the “1992B Bonds”) which were issued as a part of the refunding in whole of the City’s Industrial Development Revenue Bonds, Series 1982 (Madison Gas and Electric Company Project) (the “1982 Bonds”).

The City has been informed by the Company that (1) the 1982 Project and the 1992 Project (each as defined in the Initial Resolution) maintained the same number of jobs at the Project sites and elsewhere in the State of Wisconsin as were in existence at the time the 1982 Bonds, the 1992B Bonds and the 2002B Bonds, respectively, were initially issued, (2) no jobs were eliminated anywhere in the State of Wisconsin as a result of such Projects and (3) no jobs are expected to be eliminated, created or maintained in connection with the issuance of the 2020 Bonds.

THE 2020 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY OF MADISON; THE 2020 BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF SAID CITY OR A PECUNIARY LIABILITY OF SAID CITY; RATHER, THE 2020 BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND OTHER AMOUNTS DERIVED OR RESULTING FROM ONE OR MORE REVENUE AGREEMENTS TO BE ENTERED INTO WITH SAID COMPANY, THE ELIGIBLE PARTICIPANT.

Said resolution may be inspected by an elector of said City at the Office of the City Clerk, City - County Building, 210 Martin Luther King, Jr. Boulevard, Madison, Wisconsin 53710, during business hours, during the thirty days (30) next following publication of this Notice.

TAKE FURTHER NOTICE THAT THE ELECTORS OF THE CITY OF MADISON MAY PETITION FOR A REFERENDUM ON THE QUESTION OF ISSUING SAID BONDS. Section 66.1103(10)(d), Wisconsin Statutes, as supplemented and amended, provides:

“(d) The governing body may issue bonds under this section without submitting the proposition to the electors of the municipality for approval unless within 30 days from the

date of publication of notice of adoption of the initial resolution for the bonds, a petition conforming to the requirements of section 8.40, signed by not less than 5% of the registered electors of the municipality, or, if there is no registration of electors in the municipality, by 10% of the number of electors of the municipality voting for the office of governor at the last general election as determined under section 115.01(13), is filed with the clerk of the municipality and as provided in section 8.37 requesting a referendum upon the question of the issuance of the bonds. If a petition is filed, the bonds may not be issued until approved by a majority of the electors of the municipality voting on the referendum at a general or special election.”

City Clerk