

**COMMON COUNCIL
OF THE
CITY OF MADISON, WISCONSIN**

December 4, 2018

Resolution No.: RES-18-_____

**A Resolution Authorizing and Providing for the Sale and Issuance of
\$9,390,000 Taxable Water Utility Revenue Notes, Series 2018B,
and All Related Details**

RECITALS

The Common Council (the “**Governing Body**”) of the City of Madison, Wisconsin (the “**Municipality**”) makes the following findings and determinations:

1. Through the Madison Water Utility, the Municipality currently owns and operates a municipal waterworks system (the “**System**”, as more fully defined below), which is a “public utility” within the meaning of Section 66.0621 (1) (b) of the Wisconsin Statutes.

2. Under the provisions of Section 66.0621 of the Wisconsin Statutes, as amended (the “**Act**”), the Municipality may, by action of the Governing Body, provide for, among other things, the acquisition, construction, extension, improvement, operation, and management of the System, and the refunding of municipal obligations issued for such purposes, from the proceeds of obligations that are payable solely from the income and revenues derived from the operation of the System.

3. The Municipality has previously authorized, sold, and issued its \$27,185,000 Water Utility Revenue Bonds, Series 2007, dated December 1, 2007 (the “**Series 2007 Bonds**”), pursuant to a resolution adopted by the Governing Body on November 6, 2007 (the “**2007 Resolution**”). The Series 2007 Bonds were redeemed on January 1, 2018.

4. The Municipality has previously authorized, sold, and issued its \$47,065,000 Water Utility Revenue Refunding and Improvement Bonds, Series 2009A, dated December 9, 2009 (the “**Series 2009A Bonds**”), pursuant to a resolution adopted by the Governing Body on November 17, 2009 (the “**2009A Resolution**”). The Series 2009A Bonds are currently outstanding in the aggregate principal amount of \$35,520,000.

5. The Municipality has previously authorized, sold, and issued its \$13,250,000 Taxable Water Utility Revenue Bonds, Series 2010, dated November 10, 2010 (the “**Series 2010 Bonds**”), pursuant to a resolution adopted by the Governing Body on October 19, 2010 (the “**2010 Resolution**”). The Series 2010 Bonds are currently outstanding in the aggregate principal amount of \$9,300,000.

6. The Municipality has previously authorized, sold, and issued its \$19,370,000 Water Utility Revenue Bonds, Series 2011, dated December 22, 2011 (the “**Series**

2011 Bonds”), pursuant to a resolution adopted by the Governing Body on December 13, 2011 (the “**2011 Resolution**”). The Series 2011 Bonds are currently outstanding in the aggregate principal amount of \$14,750,000.

7. The Municipality has previously authorized, sold, and issued its \$21,095,000 Water Utility Revenue Bonds, Series 2012, dated December 19, 2012 (the “**Series 2012 Bonds**”), pursuant to a resolution adopted by the Governing Body on November 27, 2012 (the “**2012 Resolution**”). The Series 2012 Bonds are currently outstanding in the aggregate principal amount of \$16,725,000.

8. The Municipality has previously authorized, sold, and issued its \$24,335,000 Water Utility Revenue Bonds, Series 2013, dated December 18, 2013 (the “**Series 2013 Bonds**”), pursuant to a resolution adopted by the Governing Body on December 3, 2013 (the “**2013 Resolution**”). The Series 2013 Bonds are currently outstanding in the aggregate principal amount of \$20,680,000.

9. The Municipality has previously authorized, sold, and issued its \$41,610,000 Water Utility Revenue Bonds, Series 2015, dated December 17, 2015 (the “**Series 2015 Bonds**”), pursuant to a resolution adopted by the Governing Body on December 1, 2015 (the “**2015 Resolution**”). The Series 2015 Bonds are currently outstanding in the aggregate principal amount of \$38,555,000.

10. The Municipality has previously authorized, sold, and issued its \$38,420,000 Water Utility Revenue Refunding and Improvement Bonds, Series 2016, dated December 18, 2016 (the “**Series 2016 Bonds**”), pursuant to a resolution adopted by the Governing Body on December 7, 2016 (the “**2016 Resolution**”). The Series 2016 Bonds are currently outstanding in the aggregate principal amount of \$36,255,000.

11. No other obligations are payable solely from the income and revenues derived from the operation of the System.

12. The Municipality advanced approximately \$6,100,000 from its general fund through December 31, 2017 to fund deficits in amounts required to be on deposit in the Operation and Maintenance Fund (as described in Section 18 of this resolution) necessary to operate the System.

13. The Municipality needs funds to finance operating costs relating to the System, including by reimbursement of the Municipality’s general fund (collectively, the “**Project**”).

14. The Municipality wishes to finance the costs of the Project by authorizing, selling, and issuing its \$9,390,000 Taxable Water Utility Revenue Notes, Series 2018B (the “**Notes**”). The Notes will be issued pursuant to the Act, on the terms and conditions described in this resolution, and will be secured by and payable from the income and revenues derived and to be derived from the operation of the System. The Notes will be issued on a parity and equality of rank with the Series 2009A Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012 Bonds, the Series 2013 Bonds, the Series 2015 Bonds, and the Series 2016 Bonds (collectively, the “**Outstanding Bonds**”) and the Bonds (as defined below).

15. The Municipality also wishes to finance certain additions, extensions, improvements, renewals, or replacements to the System identified in the Municipality’s 2017 and 2018 Water Utility Projected Annual Capital Spending Plans by authorizing, selling, and issuing its \$30,765,000 Water Utility Revenue Bonds, Series 2018A (the “**Bonds**”) to be issued contemporaneously with the Notes, pursuant to a resolution adopted by the Governing Body on the same date as this resolution (the “**2018A Resolution**”).

16. Section 37 of the 2007 Resolution (the “**Additional Bonds Test**”), which section is continued under each resolution authorizing the issuance of the related Outstanding Bonds, authorizes the issuance of additional bonds and notes on a parity and equality of rank with the Outstanding Bonds upon compliance with the conditions set forth under the Additional Bonds Test. All conditions set forth under the Additional Bonds Test have been or will be satisfied prior to the issuance of the Bonds and the Notes, by virtue of receipt of the written opinion of an Independent Consultant as described in Section 21(c)(1)(A) hereof.

17. In accordance with the provisions of Section 66.0621 (4) (a) 2 of the Wisconsin Statutes and this resolution: (i) interest on the Notes will be payable at least annually, and (ii) payment of principal of the Notes will commence not later than three years after the date of issuance of the Notes.

18. The Municipality caused notice of the sale of the Notes (the “**Notice to Bidders**”) to be given to media typically monitored by prospective bidders. The Notice to Bidders is made of record in these proceedings, and the Governing Body ratifies the Notice to Bidders.

19. In accordance with the Notice to Bidders and the bidding terms included in the disclosure document used for offering the Notes for sale by competitive bid (the “**Official Terms of Offering**”), written bids for the sale of the Notes were received and delivered to the Governing Body.

20. The Governing Body has considered all the bids it received. The Governing Body has decided to accept the bid of Robert W. Baird & Co. Incorporated (the “**Note Purchaser**”), or a group that it leads, to purchase the Notes on the terms specified in the Note Purchaser’s bid. The Note Purchaser bid the price of \$9,358,969.50 for the entire issue of Notes (the “**Purchase Price**”), and specified that the Notes maturing on January 1 in the years shown below will bear interest at the respective rates shown below:

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|
| 2020 | \$ 910,000 | 3.00% | 2025 | \$1,070,000 | 3.30% |
| 2021 | 950,000 | 3.00 | 2026 | 1,110,000 | 3.40 |
| 2022 | 975,000 | 3.05 | 2027 | 1,145,000 | 3.50 |
| 2023 | 1,005,000 | 3.15 | 2028 | 1,185,000 | 3.55 |
| 2024 | 1,040,000 | 3.20 | | | |

21. The Note Purchaser's bid complies with the terms of the Official Terms of Offering.

22. The amount of the annual debt service payments to be made or provided for with respect to the Notes is reasonable in accordance with prudent municipal utility management practices.

23. The Municipality has taken all actions required by law and has the power to sell and issue the Notes.

24. The Governing Body will adopt this resolution to sell and issue the Notes.

RESOLUTIONS

The Governing Body resolves as follows:

Section 1. Definitions.

In this resolution, the following terms have the meanings given in this section, unless the context requires another meaning.

“**2007 Resolution**” has the meaning given in the recitals to this resolution, and established the terms and conditions under which Parity Bonds may be issued.

“**2018A Resolution**” has the meaning given in the recitals to this resolution.

“**Act**” means Section 66.0621 of the Wisconsin Statutes, as amended.

“**Bond Counsel**” means either Foley & Lardner LLP or any other nationally recognized firm of attorneys, employed by the Municipality, experienced in the field of municipal finance, whose legal and tax opinions concerning municipal obligations are generally accepted by purchasers of such obligations.

“**Bonds**” means the \$30,765,000 City of Madison, Wisconsin Water Utility Revenue Bonds, Series 2018A, which will be issued contemporaneously with the Notes pursuant to the 2018A Resolution.

“**Book-Entry System**” means a system in which no physical distribution of certificates representing ownership of the Notes is made to the owners of the Notes but instead all outstanding Notes are registered in the name of a securities depository appointed by the Municipality, or in the name of such a depository's nominee, and the depository and its participants record beneficial ownership and transfers of the Notes electronically.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement, dated as of the Original Issue Date, to be executed by the Municipality and delivered on the closing date of the Notes.

“**Current Expenses**” means the reasonable and necessary cost of operating, maintaining, administering, insuring, and repairing the System. Current Expenses shall be determined in accordance with generally accepted accounting principles and shall include, but not be limited to, salaries and wages, premiums for insurance, and the cost of materials, supplies, and audits. Current Expenses shall exclude allowances for depreciation, debt service on obligations of the System, tax equivalents, capital expenditures, and accumulations of reserves.

“**Depository**” means DTC or any successor appointed by the Municipality and acting as securities depository for the Notes.

“**Depreciation Fund**” means the fund designated as such and described in Section 34(a)(4) of the 2007 Resolution and continued in Section 18(a)(4) of this resolution.

“**DTC**” means The Depository Trust Company, New York, New York.

“**Financial Officer**” means the Municipality’s Treasurer.

“**Fiscal Agent**” means U.S. Bank National Association, or any successor fiscal agent appointed by the Municipality to act as authentication agent, paying agent, and registrar for the Notes pursuant to Section 67.10 (2) of the Wisconsin Statutes.

“**Fiscal Year**” means the twelve-month period beginning on January 1 of each year and ending on December 31 of each year. The Municipality may change the Fiscal Year of the System; any change will not constitute a modification, change, amendment, or alteration of this resolution for purposes of Section 24 of this resolution.

“**Funds and Accounts**” has the meaning set forth in Section 18(a) of this resolution.

“**Governing Body**” means the Municipality’s Common Council.

“**Gross Revenues**” means the gross revenues of the System from all sources, excluding (i) customer deposits, (ii) collected taxes imposed by other governmental entities, and (iii) earnings on amounts held in the Special Redemption Fund, the Depreciation Fund, and any construction fund funded with proceeds of the Notes or any issue of Parity Bonds.

“**Independent Consultant**” means a recognized engineer or firm of engineers or a recognized certified public accountant or firm of certified public accountants who or which is not an officer or regular employee of the Municipality or the System and who or which is not devoting substantially all of his, her, or its time and efforts to the affairs of the System.

“**Minimum Reserve Amount**” means the least of the following: (i) the maximum annual debt service coming due in any future year on the Notes and Parity Bonds then outstanding, (ii) 10% of the sum of the original stated principal amounts of the Notes and each issue of Parity Bonds then outstanding, or (iii) 125% of the average annual debt service on the Notes and Parity Bonds then outstanding.

“**Municipal Officers**” means the Mayor and the Clerk of the Municipality. These are the officers required by law to execute revenue obligations on the Municipality’s behalf.

“**Municipality**” means the City of Madison, Wisconsin.

“**Net Revenues**” means Gross Revenues after deduction of Current Expenses, plus earnings on amounts held in the Special Redemption Fund.

“**Note Purchaser**” has the meaning given in the recitals to this resolution.

“**Note Register**” means the register maintained by the Fiscal Agent at its designated office, in which the Fiscal Agent records:

- (i) The name and address of the owner of each Note.
- (ii) All transfers of each Note.

“**Notes**” means the \$9,390,000 City of Madison, Wisconsin Taxable Water Utility Revenue Notes, Series 2018B, which will be issued pursuant to this resolution.

“**Official Terms of Offering**” means the Official Terms of Offering used in offering the Notes for sale to underwriters by competitive bid.

“**Original Issue Date**” means December 20, 2018.

“**Original Purchasers**” means the Note Purchaser and the initial purchaser of each issue of Parity Bonds (as long as the issue of Parity Bonds remains outstanding).

“**Outstanding Bonds**” has the meaning given in the recitals to this resolution.

“**Parity Bonds**” means all obligations payable from the revenues of the System (including the Outstanding Bonds and the Bonds) other than the Notes but which are issued on a parity and equality of rank with the Bonds, the Notes, and the Outstanding Bonds pursuant to the restrictive provisions of Section 37 of the 2007 Resolution, the applicable section continued in the other Prior Resolutions, and Section 21 of this Resolution.

“**Prior Resolutions**” means, collectively, the 2007 Resolution, the 2009A Resolution, the 2010 Resolution, the 2011 Resolution, the 2012 Resolution, the 2013 Resolution, the 2015 Resolution, and the 2016 Resolution, each as defined in the recitals to this resolution.

“**Project**” has the meaning given in the recitals to this resolution.

“**Purchase Price**” has the meaning given in the recitals to this Resolution.

“**Record Date**” means the 15th day (whether or not a business day) of the calendar month just before a regularly scheduled interest payment date for the Notes.

“**Recording Officer**” means the Municipality’s Clerk.

“**Reserve Account**” means the Reserve Account of the Special Redemption Fund.

“**Special Redemption Fund**” means the fund designated as such and described in Section 34(a)(3) of the 2007 Resolution and continued in Section 18(a)(3) of this resolution.

“**System**” means the water utility of the Municipality, which shall include all property of every nature now or hereafter owned by the Municipality for the extraction, collection, storage, treatment, transmission, distribution, metering, and discharge of domestic, industrial, and potable public water, or constituting part of, or used or useful in connection with, the water utility of the Municipality, including all appurtenances, contracts, leases, franchises, and other intangibles relating thereto.

Section 2. Exhibits.

The attached exhibits are also a part of this resolution as though they were fully written out in this resolution:

- (i) *Exhibit A* — Form of Note.
- (ii) *Exhibit B* — Notice to Electors of Sale.

Section 3. Purposes of Borrowing; Issuance of Notes.

The Governing Body authorizes the Notes and orders that they be prepared, executed, and issued. The Notes will be fully registered, negotiable, taxable water utility revenue notes of the Municipality in the principal amount of \$9,390,000. The Notes will be issued under the provisions of the Act to pay the costs of the Project and the expenses of issuing the Notes (including, but not limited to, printing costs and fees for financial consultants, Bond Counsel, rating agencies, insurance, and registration).

Section 4. Terms of Notes.

The Notes will be named “City of Madison, Wisconsin Taxable Water Utility Revenue Notes, Series 2018B.” The Notes will be dated the Original Issue Date, even if they are actually executed or issued on another date. Each Note will also be dated the date on which it is authenticated by the Fiscal Agent. That date is its registration date.

The face amount of each Note will be \$5,000 or any multiple thereof up to the principal amount authorized for that maturity.

The Notes will bear interest from the Original Issue Date. Interest on the Notes will be payable on each January 1 and July 1 until the principal of the Notes has been paid, beginning on July 1, 2019. Interest on each Note will be (i) computed on the basis of a 360-day year of twelve 30-day months and (ii) payable to the person or entity in whose name the Note is registered on the Note Register at the end of the day on the applicable Record Date. The Municipality and the Fiscal Agent may treat the person or entity in whose name any Note is registered on the Note Register as the absolute owner of the Notes for all purposes whatsoever under this resolution. The Notes will be numbered consecutively as may be required to comply

with any applicable rules or customs or as determined by the Municipal Officers executing the Notes.

The following table shows when the Notes will mature and the rate of interest each maturity will bear:

| <u>Principal Maturity date (January 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|--|-----------------------------|--------------------------|
| 2020 | \$ 910,000 | 3.00% |
| 2021 | 950,000 | 3.00 |
| 2022 | 975,000 | 3.05 |
| 2023 | 1,005,000 | 3.15 |
| 2024 | 1,040,000 | 3.20 |
| 2025 | 1,070,000 | 3.30 |
| 2026 | 1,110,000 | 3.40 |
| 2027 | 1,145,000 | 3.50 |
| 2028 | 1,185,000 | 3.55 |

The principal of, and interest on, the Notes will be payable in lawful money of the United States of America.

Section 5. Fiscal Agent.

The Municipality appoints the Fiscal Agent to act as authentication agent, paying agent, and registrar for the Notes. The appropriate officers of the Municipality are directed to enter into a contract with the Fiscal Agent on behalf of the Municipality. The contract may provide for the Municipality to pay the reasonable and customary charges of the Fiscal Agent for those services. The contract shall require the Fiscal Agent to comply with all applicable federal and state regulations. Among other things, the Fiscal Agent shall maintain the Note Register.

Section 6. Appointment of Depository.

The Municipality appoints DTC to act as securities depository for the Notes. An authorized representative of the Municipality has previously executed a blanket issuer letter of representations with DTC on the Municipality's behalf, and the Municipality ratifies and approves that document.

Section 7. Book-Entry System.

On their date of issuance, the Notes will be registered in the name of DTC or its nominee and maintained in a Book-Entry System. If the Municipality's relationship with DTC is terminated, then the Municipality may appoint another securities depository to maintain the Book-Entry System.

The Municipality may decide on any date not to maintain a Book-Entry System. If the Municipality decides not to maintain a Book-Entry System, then it will do the following:

- (i) At its expense, the Municipality will prepare, authenticate, and deliver to the beneficial owners of the Notes fully-registered, certificated Notes in the denomination of \$5,000 or any multiple thereof in the aggregate principal amount then outstanding. The beneficial owners will be those shown on the records of the Depository and its direct and indirect participants.
- (ii) The Municipality will appoint a fiscal agent to act as authentication agent, paying agent, and registrar under Section 67.10 (2) of the Wisconsin Statutes (the Fiscal Agent may be reappointed in this capacity).

Section 8. Redemption.

The Notes are not subject to redemption before their stated maturity dates.

Section 9. Manner of Payment/Transfers Under Book-Entry System.

So long as the Notes are being maintained in a Book-Entry System, the following provisions apply:

Payment. The Fiscal Agent is directed to pay the principal of, and interest on, the Notes by wire transfer to the Depository or its nominee in accordance with the Depository's rules that are then in effect.

Transfers. The Notes are transferable, only upon the Note Register and only if the Depository ceases to act as securities depository for the Notes and the Municipality appoints a successor securities depository. If that happens, then upon the surrender of the Notes to the Fiscal Agent, the Municipality will issue new fully registered Notes in the same aggregate principal amount to the successor securities depository, and the Notes will be recorded as transferred to the successor securities depository in the Note Register.

Section 10. Manner of Payment/Transfers Not Under Book-Entry System.

If on any date the Notes are *not* being maintained in a Book-Entry System, then the following provisions apply:

Payment. The Fiscal Agent will pay the principal of each Note upon its presentation and surrender on or after its maturity or earlier redemption date at the designated office of the Fiscal Agent, and the Fiscal Agent will pay, on each interest payment date, the interest on each Note by wire or other electronic money transfer, or by check of the Fiscal Agent

sent by first class mail, to the person or entity in whose name the Note is registered on the Note Register at the end of the day on the applicable Record Date.

Transfers. Each Note is transferable, only upon the Note Register, for a like aggregate principal amount of the same maturity and interest rate in denominations of \$5,000 or any multiple thereof. A transfer may be requested by the registered owner in person or by a person with a written power of attorney. The Note shall be surrendered to the Fiscal Agent, together with a written instrument of transfer satisfactory to the Fiscal Agent signed by the registered owner or by the person with the written power of attorney. The Municipality will issue one or more new fully registered Notes in the same aggregate principal amount to the transferee or transferees, as applicable, in exchange for the surrendered Notes and upon the payment of a charge sufficient to reimburse the Municipality or the Fiscal Agent for any tax, fee, or other governmental charge required to be paid with respect to such registration.

Section 11. Form of Notes.

The Notes shall be in substantially the form shown in Exhibit A. Omissions, insertions, or variations are permitted if they are deemed necessary or desirable and are consistent with this resolution or any supplemental resolution. The Issuer may cause the approving opinion of Bond Counsel to be printed or reproduced on the Notes.

Section 12. Execution of Notes.

The Notes shall be signed by the persons who are the Municipal Officers on the date on which the Notes are signed. The Notes shall be sealed with the Municipality's corporate seal (or a facsimile thereof), if the Municipality has one, and they shall also be authenticated by the manual signature of an authorized representative of the Fiscal Agent.

The Notes will be valid and binding even if before they are delivered any person whose signature appears on the Notes is no longer living or is no longer the person authorized to sign the Notes. In that event, the Notes will have the same effect as if the person were living or were still the person authorized to sign the Notes.

A facsimile signature may be used as long as at least one signature of a Municipal Officer is a manual signature or the Fiscal Agent's certificate of authentication has a manual signature. If a facsimile signature is used, then it will be treated as the officer's own signature.

Section 13. Continuing Disclosure.

The appropriate officers of the Municipality are directed to sign the Continuing Disclosure Agreement, and the Municipality agrees to comply with all its terms.

Section 14. Payable Only From Special Redemption Fund.

The Notes and Parity Bonds, together with interest thereon, shall be payable only from the Special Redemption Fund as provided in the Prior Resolutions and in this resolution.

The registered owners of the Notes and Parity Bonds will have a valid claim only against the Special Redemption Fund and the revenues pledged to such fund. The Notes and all Parity Bonds, together with the interest thereon, shall not constitute an indebtedness of the Municipality within the meaning of any constitutional or statutory limitation or provision and shall not constitute a general obligation of the Municipality or a charge against its general credit or taxing power. The Municipality will not be liable for the payment of the principal of, and interest on, the Notes except as provided in this resolution.

Section 15. Pledge.

The Municipality pledges the Net Revenues to the Special Redemption Fund to pay the principal of, and interest on, the Notes and all Parity Bonds as provided in this resolution. Such revenues will be used for no purpose other than to pay the principal of, and interest on, the Notes and all Parity Bonds on the dates on which such amounts are due.

Section 16. Equality of Lien.

All Notes and all Parity Bonds, regardless of issue dates, maturity dates, or series designations, will be secured equally by the pledge of the Net Revenues and all amounts in the Special Redemption Fund.

Section 17. No Senior Obligations; Parity Bonds.

The Municipality will issue no bonds, notes, or other obligations payable from the revenues of the System, or enjoying a lien on the revenues or property of the System, that have a priority over the Notes with respect to their payment or security, except as otherwise permitted in Section 21(a) of this resolution. The Municipality may issue Parity Bonds on the terms and conditions set forth in the applicable sections of each Prior Resolution and in Sections 21(b) and (c) of this resolution.

Section 18. Funds and Accounts.

(a) **Funds and Accounts; Purposes.**

The Municipality affirms, continues, and creates, as applicable, the following funds and accounts of the System, some of which were originally created, continued, or renamed, as applicable, under Section 34 of the 2007 Resolution (collectively, the “**Funds and Accounts**”), to provide for the collection, distribution, and use of the Gross Revenues and proceeds of the Notes:

- (1) Water Utility Revenue Fund (the “**Revenue Fund**”), into which the entire Gross Revenues will be deposited as received.
- (2) Water Utility Operation and Maintenance Fund (the “**Operation and Maintenance Fund**”), which will be used to hold amounts expected to be used for the payment of the reasonable and necessary expenses of operating and maintaining the System,

including salaries, wages, materials, supplies, and insurance, and for the purposes described in Section 19(c)(1) of this resolution.

- (3) Water Utility Special Redemption Fund, which will be divided into the following three accounts: (i) the “**Interest and Principal Account**”, (ii) the “**Earnings Account**”, and (iii) the “**Reserve Account**.” Amounts held in the Interest and Principal Account and the Earnings Account will be used only to pay principal of, and premium, if any, and interest on, the Notes and any Parity Bonds as provided in this resolution. Amounts held in the Reserve Account will be used to pay principal of, or interest on, the Notes or any Parity Bonds on any date when amounts in the Interest and Principal Account and the Earnings Account are insufficient to make such payments.
- (4) Water Utility Depreciation Fund (the “**Depreciation Fund**”), which will be used to hold amounts expected to be used to pay for repairs, replacements, extensions, or additions to the System, *provided*, that amounts in the Depreciation Fund can be used for any such purpose only if such amounts are not needed to make up any deficiency in the Interest and Principal Account or the Reserve Account.
- (5) Water Utility Surplus Fund (the “**Surplus Fund**”), amounts in which will be used for the purposes described in Section 19(c)(4) of this resolution.
- (6) 2018B Water Utility Project Fund (the “**2018B Project Fund**”), amounts in which will be used (i) to pay the costs of the Project, (ii) to pay the costs of issuing of the Notes, or (iii) to pay interest on the Notes or any Parity Bonds on any date when there shall be insufficient money in the Special Redemption Fund for that purpose.

(b) **Limitation on the Use of Amounts in the Funds and Accounts.**

Amounts held in the Funds and Accounts must be used only for the purposes described in this resolution.

(c) **Requirement to Maintain the Special Redemption Fund as a Separate Fund.**

The Special Redemption Fund must be maintained as a separate fund either in the treasury of the Municipality or with a trustee. The other Funds and Accounts may be combined in a single investment or bank account.

(d) **Investment of Amounts held in Funds and Accounts.**

Amounts in the Funds and Accounts may be invested in any manner permitted by the laws of Wisconsin, subject to the following limitations:

- (i) The investments in each Fund or Account must be sold whenever necessary to provide funds for the purposes for which the Fund or Account was created.
- (ii) All investments held in the Funds and Accounts must be secured to the fullest extent required by the laws of Wisconsin.

(e) **Required Transfers of Earnings on Certain Funds and Accounts.**

All income from the investment of amounts in the Special Redemption Fund must be transferred to the Earnings Account. All income from the investment of amounts in the 2018B Project Fund must be retained in the 2018B Project Fund. All income from the investment of amounts in the Depreciation Fund must be retained in the Depreciation Fund. All income from the investment of amounts in all other Funds and Accounts must be transferred to the Revenue Fund and regarded as revenues of the System.

Section 19. Application of Revenues.

(a) **Deposits to Revenue Fund and Transfers From Revenue Fund.**

Until all Notes and Parity Bonds have been retired, or until there is on deposit in the Special Redemption Fund an amount sufficient to provide for the payment of the principal of all Notes and all Parity Bonds, together with the interest thereon to maturity, the Gross Revenues must, to the extent permitted by law, be deposited as collected in the Revenue Fund and must be transferred from the Revenue Fund and deposited in the Operation and Maintenance Fund, the Special Redemption Fund, the Depreciation Fund, and the Surplus Fund in the following order:

- (1) A sum sufficient of the money in the Revenue Fund for the purposes of the Operation and Maintenance Fund must be deposited in the Operation and Maintenance Fund.
- (2) A sum sufficient of the money in the Revenue Fund for the purposes of the Special Redemption Fund must be deposited in the Special Redemption Fund.
- (3) A sum sufficient of the money in the Revenue Fund for the purposes of the Depreciation Fund must be deposited in the Depreciation Fund until there is on hand in the Depreciation Fund an amount equal to \$750,000.
- (4) The remainder of the money in the Revenue Fund must be deposited in the Surplus Fund.

Transfers from the Revenue Fund to the Operation and Maintenance Fund, the Special Redemption Fund, the Depreciation Fund, and the Surplus Fund must be made in the order indicated above, on such dates as are necessary to carry out the purposes of the respective funds.

(b) **Transfers to the Special Redemption Fund.**

The Governing Body intends that the amount of money deposited in the Special Redemption Fund from all sources will be sufficient (i) to pay the interest on the Notes and Parity Bonds as the same becomes due, (ii) to retire the Notes and the Parity Bonds at maturity, and (iii) to provide for any required monthly deposits to the Reserve Account.

(c) **Transfers Among Certain Funds and Accounts; Uses of Amounts in Funds and Accounts.**

Amounts deposited in the following Funds and Accounts must be held, used, or transferred as follows:

- (1) *Operation and Maintenance Fund.* Amounts deposited in the Operation and Maintenance Fund must be used for the purposes described in Section 18(a)(2) of this resolution, unless the balance in the Operation and Maintenance Fund exceeds the estimated operating and maintenance expenses of the System for the next succeeding 90 days, in which case the excess amount (i) must be transferred to the Special Redemption Fund to remedy any deficiency in the Special Redemption Fund, and (ii) if or to the extent that no such deficiency exists, then the remaining excess amount may be transferred to the Surplus Fund.
- (2) *Interest and Principal Account and Earnings Account.* Amounts deposited in the Special Redemption Fund must first be used to deposit each month into the Interest and Principal Account an amount equal to one-sixth (1/6) of the next installment of interest due on the Notes and Parity Bonds then outstanding, plus an amount equal to one-twelfth (1/12) of the next installment of principal of the Notes and such Parity Bonds coming due, until the full amount of such installments is on deposit in the Interest and Principal Account. The deposits must be made first from the Earnings Account until it is depleted, and all moneys in the Earnings Account will be deemed to have been used first in payment of interest on the Notes and Parity Bonds. Any funds remaining in the Earnings Account after each such transfer must first be transferred to the Interest and Principal Account until there is on hand in the Interest and Principal Account an amount equal to the full amount of interest and principal coming due on the Notes and any Parity Bonds then outstanding during the 12 months following the date of such transfer and after that either (i) be used

to retire the Notes or Parity Bonds in advance of maturity by redemption or by purchase of such Notes or Parity Bonds on the open market or an invitation and receipt of tenders of the lowest dollar price or prices obtainable, but not exceeding the lowest price at which such Notes or Parity Bonds could be redeemed on the next succeeding redemption date or (ii) be invested so as to restrict the yield thereon to avoid the Outstanding Bonds being classified as “arbitrage bonds” within the meaning of Section 148 of the Code or any Treasury Regulations promulgated thereunder. Notwithstanding the foregoing, unless the Municipality is provided with an opinion of Bond Counsel that the action specified below will not adversely affect the exclusion of interest on the Outstanding Bonds from gross income for federal income tax purposes, (A) moneys in the Earnings Account that are allocable to “proceeds” (within the meaning of Treas. Reg. § 1.148-1(b)) of Outstanding Bonds may only be deposited in the Interest and Principal Account if such moneys will be used to pay principal of, or interest on, the issue to which such proceeds are allocable, and (B) no moneys that are allocable to proceeds of the Outstanding Bonds be used to pay principal of, or interest on, obligations that are not part of the issue to which the proceeds are allocable.

- (3) *Reserve Account.* The next available amounts in the Special Redemption Fund must be used to make monthly transfers to the Reserve Account until there is on hand in the Reserve Account an amount equal to the Minimum Reserve Amount. Amounts in the Reserve Account must be used whenever necessary to pay principal of, or interest on, the Notes and Parity Bonds whenever the Interest and Principal Account and the Earnings Account are insufficient for that purpose. Any amounts in the Reserve Account in excess of the Minimum Reserve Amount must be transferred to the Earnings Account. For the purpose of computing the Minimum Reserve Amount, all investments in the Reserve Account shall be valued semiannually, on each interest payment date, at then current market value. In the event that amounts are withdrawn from the Reserve Account or amounts on deposit in the Reserve Account on any valuation date are less than the Minimum Reserve Amount, the Municipality, from revenues of the System, must restore any amounts so withdrawn or any shortfall so that 12 months following such withdrawal or shortfall the amount on deposit in the Reserve Account equals the Minimum Reserve Amount.
- (4) *Surplus Fund.* Amounts in the Surplus Fund must first be used whenever necessary to pay principal of, or interest on, the Notes and Parity Bonds when the Special Redemption Fund is insufficient for that purpose, and thereafter to remedy any

deficiency in any of the Funds or Accounts, or if at the close of any Fiscal Year there is no such deficiency, then such amounts may be disbursed as follows:

- (i) to retire Notes or Parity Bonds in advance of maturity by redemption or by purchase of such Notes or Parity Bonds on the open market or an invitation and receipt of tenders at the lowest dollar price or prices obtainable; or
- (ii) to rebate payments made by customers of the System pursuant to any plan adopted by the Governing Body of the Municipality; or
- (iii) to the general fund of the Municipality.

All transfers and deposits within any Fund or Account or to any other Fund or Account required or permitted by this section shall be made at such times as are necessary to carry out the purposes of the applicable Fund or Account.

Section 20. Agreements and Covenants Regarding the Operation of the System.

For so long as the Notes and any Outstanding Bonds remain outstanding, the Municipality agrees and covenants with each and every registered owner of the Notes and any Outstanding Bonds as follows:

- (a) The reasonable cost and value of any service rendered to the Municipality by the System by furnishing utility services, including, but not limited to, fire, police, safety, and health protection, will, to the extent permitted by law, be charged against the Municipality and be paid by it monthly as the service accrues out of the current revenues of the Municipality collected or in process of collection, but not from Gross Revenues, and, if necessary, out of the tax levy of the Municipality made by it to raise money to meet its necessary current expenses.
- (b) The Municipality will faithfully and punctually perform all duties concerning the System required by the constitution and statutes of the State of Wisconsin, including the making and collecting of reasonable, lawful, and sufficient rates for services rendered by the System and the segregation and application of the revenues of the System as provided in this resolution.
- (c) The Municipality will not sell, lease, or in any manner dispose of all, or any part of, the System or any additions or extensions that may be made to the System, until all Notes and Outstanding Bonds have been paid in full, both principal and interest, or until provision has been made for the payment in full of all Notes and Outstanding Bonds, both principal and interest, unless the property to be sold, leased, or otherwise disposed of

has been found by the Governing Body not to be necessary or useful in the operation of the System. The proceeds received from any sale, lease, or disposal of any such property of the System must be paid into (i) the Earnings Account of the Special Redemption Fund, if the property sold or leased was acquired or improved with proceeds of the Notes or any Outstanding Bonds that are tax-exempt obligations, or (ii) the Revenue Fund, in all other cases.

- (d) The Municipality will: (i) operate and maintain the System in good condition; (ii) charge and collect such lawfully established rates and charges for the service rendered by the System so that the Gross Revenues will be sufficient to make the payments into the Funds and Accounts created by this resolution and provide for Net Revenues at least equal to 1.25 times the highest combined annual principal and interest requirements on all Notes and Parity Bonds then outstanding; and (iii) promptly take such actions as are necessary to adopt and enforce increased rates whenever such increase shall be necessary to fulfill any covenant of this resolution.
- (e) The Municipality will keep proper books and accounts relating to the System separate from all other records of the Municipality and will cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants and will make available to the owners of any of the Notes or Outstanding Bonds the latest balance sheet and the profit and loss statement of the System as certified by such accountants. The registered owners of any Notes or Outstanding Bonds will have the right to inspect the System and the records, accounts, and data of the Municipality relating to the System at all reasonable times. Each audit of the books and accounts of the System, in addition to whatever matters may be thought proper by the accountants to be included therein, must include the following: (i) a statement in detail of the revenues and expenditures of the System for the Fiscal Year; (ii) a statement of the Net Revenues for the Fiscal Year; (iii) a balance sheet as of the end of the Fiscal Year; (iv) the accountants' comment regarding the manner in which the Municipality has carried out the requirements of this resolution and the accountants' recommendation for any changes or improvements in the operation of the System; (v) a list of the insurance policies in force at the end of the Fiscal Year setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy; and (vi) the number and types of connections at the end of the Fiscal Year.
- (f) The Municipality will carry, for the benefit of the registered owners of the Notes and Parity Bonds, insurance of a kind and in such amounts as would usually be carried by private companies or other public bodies engaged in operating a similar utility system. All amounts received for losses under any of such insurance policies, except public liability, must be used in

repairing the damage or in replacing the property destroyed, unless the Governing Body finds that it is not advisable to repair such damage or replace such property and that the operation of the System will not be impaired if such property is not repaired or such property is not replaced, in which case such amounts shall be deposited in the Earnings Account, *provided, however*, that any amounts deposited in the Earnings Account must not reduce the amounts otherwise required to be paid into the Special Redemption Fund.

- (g) The Municipality will grant no franchise for the operation of another System (or any part thereof) within the geographic limits of the Municipality, unless the denial of such franchise would be in violation of any law.
- (h) The Municipality will by ordinance or resolution of its Governing Body require all buildings in the Municipality used for human habitation and located adjacent to service from the System, or located in a block through which service from the System extends, to be connected with service from the System.
- (i) The Municipality will not enter into any contract with any person or persons which would cause any Outstanding Bonds that were issued with the intent that interest on the issue would be excluded from gross income for federal income tax purposes to become “private activity bonds,” within the meaning of Section 141(a) of the Code or any Treasury Regulations promulgated thereunder.

Section 21. Additional Bonds.

The Municipality will issue no notes, bonds, or any other obligations of any kind or nature payable from or enjoying a lien on the Gross Revenues, the Special Redemption Fund, or properties of the System on a parity with or having a priority over the Notes, except as provided in this Section:

- (a) Notes (including bond anticipation notes) or bonds may be issued having a priority over the Notes and Parity Bonds if either (i) such notes or bonds are issued, wholly or in part, for the purpose of and will provide an amount sufficient, together with the earnings thereon and all other funds legally available therefor, to pay the entire principal of, and all interest on, the Notes and Parity Bonds to their maturity or early redemption; or (ii) immediately upon the issuance of such notes or bonds, the Municipality has discharged all the Notes and Parity Bonds in the manner provided in Section 22 of this resolution, the corresponding provisions of the Prior Resolutions, and the resolutions authorizing the issuance of Parity Bonds issued after the Original Issue Date.

- (b) Additional notes (including bond anticipation notes) or bonds may be issued on a parity with the Notes and Parity Bonds if such notes or bonds are issued for the purpose of refunding any of the Notes or Parity Bonds which either (i) have matured or (ii) will mature not later than 90 days after the date of delivery of such refunding notes or bonds if there are insufficient amounts in the Special Redemption Fund to provide for the required payments.
- (c) Additional notes (including bond anticipation notes) or bonds may be issued on a parity with the Notes and Parity Bonds if all the following conditions have been satisfied:
 - (1) If (A) the Net Revenues for the last completed Fiscal Year were at least equal to 1.25 times the highest combined annual principal and interest requirements on all bonds and notes then outstanding payable from the Gross Revenues (other than bonds being refunded) and the bonds or notes so proposed to be issued for any succeeding Bond Year; *provided, however*, that if prior to the authorization of such additional bonds or notes the Municipality has adopted and put into effect a revised schedule of rates, then the Net Revenues for the last completed Fiscal Year which would, in the written opinion of an Independent Consultant employed for that purpose, have resulted from such rates had they been in effect for such period, may be used in lieu of the actual Net Revenues for the last completed Fiscal Year; (B) the need for such financing is evidenced by a certificate or certificates of an Independent Consultant with recognized expertise in utility ratemaking before the Public Service Commission of Wisconsin employed for that purpose, giving a detailed description of the proposed projects to be financed, an estimate of the cost of the proposed projects including proposed capitalized interest, if any, and an estimate of the time of completion of the proposed projects, and showing the feasibility of such financing with reference to projected Net Revenues based on rates and charges projected to be in effect upon completion of such projects; *provided*, that such feasibility shall not be deemed shown unless the projected Net Revenues for each of the two full Fiscal Years next succeeding the estimated date of completion of such projects shall be equal to at least 1.25 times the highest combined annual principal and interest requirements on all bonds and notes then outstanding payable from the Gross Revenues (other than bonds and notes being refunded), and the bonds or notes so proposed to be issued for any succeeding Fiscal Year in which there shall be a principal maturity on such outstanding bonds or notes; or (C) the proceeds of the additional bonds or notes will be used to refund Notes or Parity Bonds, and after giving effect to the refunding, the payments due in each year of the principal of, and interest on, the Notes and Parity Bonds then

outstanding (not including the obligations being refunded) and the additional bonds or notes proposed to be issued will be less than the payments due in each year of the principal of, and interest on, the Notes and Parity Bonds then outstanding (in other words, the refunding will produce debt service savings in each year). For purposes of this subsection, except as otherwise provided, Net Revenues for any Fiscal Year will be either (x) the Net Revenues shown in the audit of the System's books and accounts for the Fiscal Year required by Section 20(e) of this resolution, if such an audit is available, or (y) if such an audit is not available, then the estimated, unaudited Net Revenues for the last completed Fiscal Year.

- (2) The payments required to be made into the Funds and Accounts created or continued pursuant to Section 18 of this resolution must be current.
- (3) There must be on hand in the Reserve Account immediately upon the issuance of such additional bonds or notes an amount not less than the Minimum Reserve Amount.
- (4) The additional bonds or notes must be payable as to principal on January 1 of each year and as to interest on January 1 and July 1 of each year.
- (5) The proceeds of the additional bonds or notes must be used only to refund Notes or Parity Bonds, or for acquiring or constructing additions, extensions, improvements, renewals or replacements to the System.

In the case of bond anticipation notes, the provisions of the Act shall govern with respect to all matters relating to the lien and sources of payment of such notes.

Section 22. Discharge and Satisfaction of Notes and Covenants.

The agreements, covenants, liens, and pledges entered into, created, or imposed pursuant to this resolution may be fully discharged and satisfied with respect to any or all of the Notes in any one or more of the following ways:

- (a) By paying the Notes when they become due and payable[, or upon their prior redemption in the manner provided in this resolution];
- (b) By depositing with the appropriate fiscal agent(s) for the Notes funds in the amount necessary, without consideration of any reinvestment thereof, to pay the principal of, and interest on, the Notes until their maturity; or
- (c) By depositing with a trustee or an escrow agent, in trust for such purpose, on or before the date of maturity or redemption, money and/or direct

obligations of, or obligations the principal of, and interest on, which are fully guaranteed by, the United States of America, in such amount as, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, will be fully sufficient to pay the Notes at their respective maturity dates.

Upon a payment or a deposit of money or investments in the amount and manner required by this section, all liability of the Municipality with respect to the relevant Notes will cease, determine, and be completely discharged, and the registered owners of any Notes that are not then retired will be entitled only to payment out of the money and investments deposited as required by this section.

Section 23. Resolution a Contract; Remedies of Noteowners.

The provisions of this resolution constitute a contract between the Municipality and the registered owners of the Notes. After the issuance of the Notes no change or alteration in the provisions of this resolution may be made, except (a) as provided in Section 24 of this resolution, and (b) as provided in the definition of “Fiscal Year” in Section 1 of this resolution.

The registered owners of any of the Notes will have the right, in addition to all other rights, by mandamus or other suit or action in any court of competent jurisdiction, to enforce their rights against the Municipality, the Governing Body, and any and all officers and agents thereof, including, but not limited to, the right to require the Municipality, the Governing Body, and any other authorized body to fix and collect rates and charges fully adequate to carry out all provisions and agreements contained in this resolution, and the right to have a receiver appointed for the System in the event of a default in the payment of principal of, or interest on, the Notes.

Section 24. Amendment of Resolution.

Amendment Without the Consent of the Owners. This resolution may be amended from time to time without the consent of the registered owners of the Notes to make any change that does not adversely affect the registered owners of the Notes, including, without limitation, to cure any ambiguities, inconsistencies, or typographical errors that may be contained in this resolution.

Amendment With the Consent of the Owners. This resolution may also be amended from time to time with the written consent of the registered owners of not less than two-thirds in outstanding principal amount of the Notes (not including any Notes that are held or owned by or for the account of the Municipality); *provided, however,* this resolution may be amended only with the unanimous written consent of:

- (a) The registered owners of the Notes:
 - (i) To make any change in the stated maturity date of, or interest rate on, any Note; to modify the terms of payment of principal of, or interest on, any Note; or to impose any conditions with respect to payment of principal of, or interest on, any Note;

- (ii) To materially affect the rights of the owners of less than all Notes then outstanding; or
 - (iii) To reduce the required outstanding principal amount of the Notes for which consent must be given to effect any future amendments to this resolution; and
- (b) The registered owners of any series of Outstanding Bonds:
- (i) To make any change in the stated maturity date of or interest rate on any Outstanding Note of the series; to modify the terms of payment of principal of, or interest on, any Outstanding Note of the series; or to impose any conditions with respect to payment of principal of, or interest on, any Outstanding Note of the series;
 - (ii) To materially affect the rights of the owners of less than all Outstanding Bonds of the series then outstanding; or
 - (iii) To reduce the required outstanding principal amount of Outstanding Bonds of the series for which consent must be given to effect any future amendments to this resolution.

Notice. If the Municipality proposes to amend this resolution under any provision of this section, then the Municipality must cause notice of the proposed amendment (the “**Amendment Notice**”) and, if consent is required, a form of consent to the proposed amendment (the “**Consent**”) to be (i) sent by certified mail to all registered owners of the Notes and, if appropriate, any Outstanding Bonds and (ii) filed with the Municipal Securities Rulemaking Board if required under the Continuing Disclosure Agreement. The Amendment Notice must briefly describe the nature of the proposed amendment and must state that a copy of the proposed amendment is on file for public inspection in the office of the Recording Officer. The Consent must refer to the proposed amendment, specifically evidence consent to and approval of the proposed amendment, and be dated by the owner of the Notes and, if appropriate, the Outstanding Bonds upon execution of the Consent. The Amendment Notice and Consent may be one instrument.

If on any date prior to one year after the date the Amendment Notice and Consent were sent the Recording Officer receives Consents executed by the registered owners of the Notes and Outstanding Bonds owning not less than the outstanding principal amount required to approve the amendment, then the Governing Body may adopt a resolution effecting the proposed amendment, and upon the adoption of the resolution effecting the proposed amendment, the proposed amendment will become effective and binding upon the registered owners of all the Notes and Outstanding Bonds.

Any Consent given by the registered owner of a Note or an Outstanding Note pursuant to the provisions of this section will be irrevocable for a period of six months from the date of the Consent and will be conclusive and binding upon all future registered owners of the same Note or Outstanding Bond during the six-month period. A Consent may be revoked on any date after the six-month period by the registered owner who gave the Consent or by a successor

in title by filing notice of such revocation with the Recording Officer; *provided*, that a revocation will not be effective if the Recording Officer has already received Consents from registered owners of the Notes and Outstanding Bonds owning not less than the required outstanding principal amount to approve the amendment, evidencing their consent to and approval of the proposed amendment that was the subject of the Consent.

Section 25. Sale of Notes.

The Municipality awards the sale of the Notes to the Note Purchaser at the Purchase Price, plus any accrued interest from the Original Issue Date to the date of delivery of the Notes. The Municipality approves and accepts the purchase agreement signed and presented by the Note Purchaser to evidence the purchase of the Notes (the “**Note Purchase Agreement**”). The Municipal Officers are directed (i) to sign the Note Purchase Agreement in the Municipality’s name and (ii) to take any additional actions needed to complete the sale of the Notes, including arranging for a specific date, time, and location, of closing of the sale.

The Financial Officer is directed to comply with the terms of the Official Terms of Offering with respect to any good-faith deposit requirements.

The officers of the Municipality are directed to sign the Notes and to arrange for delivery of the Notes to the Note Purchaser through the facilities of DTC in accordance with the Official Terms of Offering, the Note Purchase Agreement, and this resolution. The Notes may be delivered to the Note Purchaser upon payment by the Note Purchaser of the Purchase Price, plus any accrued interest, as required by the Official Terms of Offering.

Unless waived by the Note Purchaser, the delivery of the Notes is conditioned upon the Municipality furnishing the following items to the Note Purchaser:

- (i) The Notes, together with the written, unqualified approving opinion of the law firm of Foley & Lardner LLP, bond counsel, evidencing the legality of the Notes.
- (ii) A transcript of the proceedings relating to the issuance of the Notes.
- (iii) A certificate showing that no litigation has been threatened or is pending that would affect the legality of the Notes or the right of the Municipality to issue them at the time of their delivery.

Section 26. Disposition of Note Proceeds.

The proceeds from the sale of the Notes shall be disbursed as follows:

- (i) Any accrued interest shall be deposited in the Interest and Principal Account of the Special Redemption Fund.
- (ii) The sum of \$326,835.82 shall be deposited in the Reserve Account of the Special Redemption Fund.

- (iii) The remaining proceeds of the sale of the Notes shall be deposited in the 2018B Project Fund and used as described in Section 18(a)(6) of this resolution.

Section 27. Official Statement.

The Municipality authorizes, ratifies, and approves the preliminary offering document prepared and distributed in connection with the sale of the Notes, and the Municipality authorizes and directs the final version of such document (the “**Official Statement**”) to be prepared and distributed prior to the issuance of the Notes; *provided, however*, that the Official Statement shall be substantially in the form submitted as of the date of this meeting, with such modifications as the Municipal Officers approve. The Municipal Officers are directed to deliver copies of the Official Statement to the Note Purchaser and, if the Note Purchaser requests, a Municipal Officer shall execute one or more copies on behalf of the Municipality. Execution and delivery of the Official Statement will conclusively evidence the approval of the Municipal Officers.

Section 28. Publication of Notice.

The Recording Officer is directed to publish notice that the Municipality has agreed to sell the Notes. The notice shall be published in the Municipality’s official newspaper as a class 1 notice under Chapter 985 of the Wisconsin Statutes promptly after the execution of the Note Purchase Agreement. The notice shall be in substantially the form attached hereto as Exhibit B. The Recording Officer shall obtain proof, in affidavit form, of the publication and shall compare the notice as published with the attached form to make sure that no mistake was made in publication.

Section 29. Authorization of Officers.

The appropriate officers of the Municipality are directed to prepare and furnish the following items to the Note Purchaser and to the attorneys approving the legality of the Notes:

- (i) Certified copies of proceedings and records of the Municipality relating to the Notes and to the financial condition and affairs of the Municipality.
- (ii) Other affidavits, certificates, and information that may be required to show the facts about the legality of the Notes, as such facts appear on the books and records under the officer’s custody or control or as are otherwise known to the officer.

Section 30. Further Authorizations.

The Municipality authorizes its officers, attorneys, and other agents or employees to do all acts required of them to carry out the purposes of this resolution.

Section 31. Conflict with Prior Acts.

In case any part of a prior action of the Governing Body conflicts with this resolution, that part of the prior action is hereby rescinded.

Section 32. Severability of Invalid Provisions.

If a court holds any provision of this resolution to be illegal or invalid, then the illegality or invalidity shall not affect any other provision of this resolution.

[Signature Page Follows]

Section 33. Resolution Effective upon Adoption and Approval.

This resolution takes effect upon its adoption and approval in the manner provided by law.

* * * * *

Adopted: December 4, 2018

Approved: December ____, 2018

Mayor

Clerk

EXHIBIT A

FORM OF NOTE

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Municipality or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WISCONSIN
CITY OF MADISON

Registered

No. R-_____ \$ _____

TAXABLE WATER UTILITY REVENUE NOTE, SERIES 2018B

| <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Original Issue Date</u> | <u>CUSIP</u> |
|--------------------------|--------------------------|--------------------------------|--------------|
| _____% | January 1, 20__ | December 20, 2018 | 558614 ____ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY OF MADISON, WISCONSIN (herein called the “**Municipality**”) hereby acknowledges itself to owe and for value received promises to pay the Principal Amount to the Registered Owner, solely from the income and revenues hereinafter specified, on the Maturity Date, and interest on the Principal Amount from the Original Issue Date at the annual rate of the Interest Rate. Interest is payable on each January 1 and July 1 until the Principal Amount has been paid, beginning on July 1, 2019. Interest is computed on the basis of a 360-day year of twelve 30-day months.

This Note is one of a duly authorized issue of notes (the “**Notes**”) of the Municipality of an aggregate principal amount of \$9,390,000, all of like tenor, except as to denomination, interest rate, and maturity date, issued by the Municipality pursuant to Article XI, Section 3 of the Wisconsin Constitution and Section 66.0621 of the Wisconsin Statutes, and acts supplementary thereto.

This Note, together with interest hereon, is payable in lawful money of the United States of America, together with the Municipality’s outstanding (i) \$47,065,000 Water Utility Revenue Refunding and Improvement Bonds, Series 2009A, dated December 9, 2009,

(ii) \$13,250,000 Taxable Water Utility Revenue Bonds, Series 2010, dated November 10, 2010,
(iii) \$19,370,000 Water Utility Revenue Bonds, Series 2011, dated December 22, 2011,
(iv) \$21,095,000 Water Utility Revenue Bonds, Series 2012, dated December 19, 2012,
(v) \$24,335,000 Water Utility Revenue Bonds, Series 2013, dated December 18, 2013,
(vi) \$41,610,000 Water Utility Revenue Bonds, Series 2015, dated December 17, 2015, and
(vii) \$38,420,000 Water Utility Revenue Refunding and Improvement Bonds, Series 2016, dated December 18, 2016 (collectively, the “**Outstanding Bonds**”) and its \$30,765,000 Water Utility Revenue Bonds, Series 2018A, issued contemporaneously with the Notes (the “**2018 Bonds**”), but only from the “**Water Utility Special Redemption Fund**,” which fund was continued by a resolution adopted on December 4, 2018 (the “**2018B Resolution**”) entitled “A Resolution Authorizing and Providing for the Sale and Issuance of \$9,390,000 Taxable Water Utility Revenue Notes, Series 2018B, and All Related Details.” Reference is hereby made to the 2018B Resolution for a more complete statement of the revenues from which and conditions under which this Note is payable, the provisions pursuant to which this Note has been issued, and the conditions under which notes and notes may hereafter be issued on a parity with this Note. The Notes rank on a parity with the Outstanding Bonds and the 2018 Bonds. This Note does not constitute an indebtedness of the Municipality within the meaning of any constitutional or statutory limitation or provision, the Notes and interest thereon are not general obligations of the Municipality, and the Municipality is not obligated, directly or indirectly or contingently, to levy or to pledge any form of taxation whatsoever for payments due with respect to the Notes.

This Note is a valid claim of the registered owner hereof only against the Water Utility Special Redemption Fund and the revenues pledged to the Water Utility Special Redemption Fund. Sufficient revenues have been pledged to the Water Utility Special Redemption Fund and will be used for no other purpose than to pay the principal of, premium, if any, and interest on, the Notes, the 2018 Bonds, the Outstanding Bonds, and any Parity Bonds hereafter issued as the same becomes due.

On the date of their initial delivery, the Notes will be maintained in a system in which no physical distribution of certificates representing ownership of the Notes is made to the owners of the Notes but instead all outstanding Notes are registered either in the name of a securities depository appointed by the Municipality (a “**Depository**”), or in the name of the Depository’s nominee, and the Depository and its participants record beneficial ownership and effect transfers of the Notes electronically (a “**Book-Entry System**”). So long as the Notes are maintained in the Book-Entry System, then the principal of, and interest on, this Note will be paid by wire transfer to the Depository or its nominee in accordance with the Depository’s rules that are then in effect by U.S. BANK NATIONAL ASSOCIATION, or any successor fiscal agent appointed by the Municipality (hereinafter, the “**Fiscal Agent**”), which shall act as authentication agent, paying agent, and registrar for the Notes.

If on any date the Notes are *not* being maintained in a Book-Entry System, then (i) the principal of this Note will be paid by the Fiscal Agent upon its presentation and surrender on or after its maturity at the designated office of the Fiscal Agent, and (ii) the interest on this Note will be paid by the Fiscal Agent, on each interest payment date, by wire or other electronic money transfer, or by check of the Fiscal Agent sent by first class mail, to the person or entity in whose name this Note is registered in the register (the “**Note Register**”) maintained by the Fiscal Agent at the end of the day on the 15th day (whether or not a business day) of the calendar

month immediately preceding each regularly scheduled interest payment date (the “**Record Date**”). The Municipality and the Fiscal Agent may treat the person or entity in whose name any Note is registered on the Note Register as the absolute owner of the Notes for all purposes whatsoever under this resolution.

The Notes are not subject to redemption prior to their stated maturity dates.

So long as the Notes are being maintained in a Book-Entry System, the following provisions apply:

Transfers. The Notes are transferable, only upon the Note Register and only if the Depository ceases to act as securities depository for the Notes and the Municipality appoints a successor securities depository. If that happens, then upon the surrender of the Notes to the Fiscal Agent, the Municipality will issue new fully registered Notes in the same aggregate principal amounts to the successor securities depository, and the Notes will be recorded as transferred to the successor securities depository in the Register.

If on any date the Notes are *not* being maintained in a Book-Entry System, then the following provisions apply:

Transfers. Each Note is transferable, only upon the Note Register, for a like aggregate principal amount of the same maturity and interest rate in denominations of \$5,000 or any multiple thereof. A transfer may be requested by the registered owner in person or by a person with a written power of attorney. The Note must be surrendered to the Fiscal Agent, together with a written instrument of transfer satisfactory to the Fiscal Agent signed by the registered owner or by the person with the written power of attorney. The Municipality will issue one or more new fully registered Notes in the same aggregate principal amount to the transferee or transferees, as applicable, in exchange for the surrendered Notes and upon the payment of a charge sufficient to reimburse the Municipality or the Fiscal Agent for any tax, fee, or other governmental charge required to be paid with respect to such registration.

The Municipality hereby certifies, recites, and declares that all acts, conditions, and procedures required by law to be, or to be done, precedent to and in the issuing of this Note and of the issue of which it is a part, do exist, have happened, and have been done and performed in regular and due form, time, and manner as required by law; and that a sufficient amount of the income and revenue to be received by the Municipality from the operation of the System has been pledged to and will be set aside into a special fund for the payment of principal of, and interest on, this Note.

IN WITNESS WHEREOF, the Municipality, by its governing body, has caused this Note to be executed in its name and on its behalf by the manual or facsimile signatures of its Mayor and Clerk, and to be sealed with its corporate seal (or a facsimile thereof), if any, all as of the Original Issue Date.

CITY OF MADISON, WISCONSIN

By: _____
Mayor

[SEAL]

And: _____
Clerk

CERTIFICATE OF AUTHENTICATION:

Dated: December __, 2018

This Note is one of the Notes described in the within-mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

Authorized Signatory

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please Print or Type Name and Address of Assignee)

the within-mentioned Note and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney-in-fact, to transfer the same on the books of the registry in the office of the Fiscal Agent, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Fiscal Agent, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Fiscal Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

NOTE: The signature to this assignment must correspond with the name as written on the face of the within Note in every particular, without alteration or enlargement or change whatsoever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of such person’s authority to act must accompany this Note.

EXHIBIT B

NOTICE TO THE ELECTORS OF THE
CITY OF MADISON, WISCONSIN
RELATING TO TAXABLE NOTE SALE

On December 4, 2018, pursuant to Section 66.0621 of the Wisconsin Statutes, a resolution was offered, read, approved and adopted whereby the City of Madison, Wisconsin authorized the borrowing of money and entered into a contract to sell taxable water utility revenue notes in the principal amount of \$9,390,000. It is anticipated that the closing of this note sale will be held on or about December 20, 2018. A copy of all proceedings had to date with respect to the authorization and sale of said notes is on file and may be examined in the office of the City Clerk, Room 101, City-County Building, 210 Martin Luther King, Jr. Boulevard, Madison, Wisconsin between the hours of 9:00 a.m. and 4:30 p.m. on weekdays.

This notice is given pursuant to Section 893.77 of the Wisconsin Statutes, which provides that an action or proceeding to contest the validity of such financing, for other than constitutional reasons, must be commenced within 30 days after the date of publication of this notice.

Publication Date: December __, 2018

/s/ Maribeth Witzel-Behl
City Clerk

CERTIFICATIONS BY CLERK

I, Maribeth Witzel-Behl, hereby certify that I am the duly qualified and acting Clerk of the City of Madison, Wisconsin (the “**Municipality**”), and as such I have in my possession, or have access to, the complete corporate records of the Municipality and of its Common Council (the “**Governing Body**”) and that attached hereto is a true, correct, and complete copy of the resolution (the “**Resolution**”) entitled:

A Resolution Authorizing and Providing for the Sale and Issuance of \$9,390,000 Taxable Water Utility Revenue Notes, Series 2018B, and All Related Details

I do hereby further certify as follows:

1. **Meeting Date.** On December 4, 2018 a meeting of the Governing Body was held commencing at _____ p.m.
2. **Posting.** On December ____, 2018 (and not less than 24 hours prior to the meeting), I posted, or caused to be posted, at the Municipality’s offices in Madison, Wisconsin a notice setting forth the date, time, location, and subject matter (including specific reference to the Resolution) of said meeting.
3. **Notification of Media.** On December ____, 2018 (and not less than 24 hours prior to the meeting), I communicated or caused to be communicated, the date, time, location, and subject matter (including specific reference to the Resolution) of said meeting to those news media who have filed a written request for such notice and to the official newspaper of the Municipality.
4. **Open Meeting Law Compliance.** Said meeting was a regular meeting of the Governing Body that was held in open session in compliance with Subchapter V of Chapter 19 of the Wisconsin Statutes and any other applicable local rules and state statutes.
5. **Members Present.** Said meeting was duly called to order by the Mayor (the “**Presiding Officer**”), who chaired the meeting. Upon roll call, I noted and recorded that there were ____ members of the Governing Body present at the meeting, such number being a quorum of the Governing Body.
6. **Consideration of and Roll Call Vote on Resolution.** Various matters and business were taken up during the course of the meeting without intervention of any closed session. One of the matters taken up was the Resolution. A proper quorum of the Governing Body was present for the consideration of the Resolution, and each member of the Governing Body had received a copy of the Resolution. All rules of the Governing Body that interfered with the consideration of the Resolution, if any, were suspended by a two-thirds vote of the Governing Body. The Resolution was then introduced, moved, and seconded, and after due consideration, upon roll call, ____ of the Governing Body members voted Aye, ____ voted Nay, and ____ Abstained.

7. **Adoption of Resolution.** The Resolution was supported by the affirmative vote of three-fourths of all members of the Governing Body. The Presiding Officer then declared that the Resolution was adopted, and I recorded the adoption of the Resolution.

8. **Approval of Presiding Officer.** The Resolution was approved by the Presiding Officer on December _____, 2018, and I have recorded this approval. This approval is evidenced by the signature of the Presiding Officer on the copy of the Resolution attached hereto.

9. **Publication of Exhibit B to Resolution.** I have caused Exhibit B to the Resolution to be published in the form and place specified in the Resolution.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the Municipality hereto on December _____, 2018.

[SEAL]

Clerk