

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

February 22, 2005

Resolution No. _____

**A Resolution Authorizing and Providing for the Sale and Issuance of
\$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A,
and All Related Details**

RECITALS

The Common Council (the “**Governing Body**”) of the City of Madison, Dane County, 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 \$6,825,000 Waterworks System Mortgage Revenue Refunding and Improvement Bonds, Series 1978, dated March 1, 1978 (the “**Series 1978 Bonds**”), pursuant to Ordinance Number 6212, which was adopted by the Governing Body on March 28, 1978 (the “**1978 Ordinance**”). The last of the Series 1978 Bonds was retired on January 1, 1997.

4. The Municipality has previously authorized, sold, and issued its \$2,500,000 Waterworks System Mortgage Revenue Bonds, Series 1995, dated August 1, 1995 (the “**Series 1995 Bonds**”) on a parity with the Series 1978 Bonds. The Series 1995 Bonds are currently outstanding in the aggregate principal amount of \$1,080,000; however, it is expected that the outstanding Series 1995 Bonds will be defeased on March 15, 2005, in part with proceeds of the obligations authorized by this resolution.

5. The Municipality has previously authorized, sold, and issued its \$4,000,000 Waterworks System Mortgage Revenue Bonds, Series 1998, dated April 1, 1998 (the “**Series 1998 Bonds**”) on a parity with the Series 1995 Bonds. The Series 1998 Bonds are currently outstanding in the aggregate principal amount of \$2,525,000; however, it is expected that the outstanding Series 1998 Bonds will be defeased on March 15, 2005, in part with proceeds of the obligations authorized by this resolution.

6. The Municipality has previously authorized, sold, and issued its \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 1999, dated December 1, 1999 (the “**Series 1999 Bonds**”) on a parity with the Series 1995 Bonds and the Series 1998 Bonds. The Series 1999 Bonds are currently outstanding in the aggregate principal amount of \$4,015,000.

7. The Municipality has previously authorized, sold, and issued its \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 2001, dated April 1, 2001 (the “**Series 2001 Bonds**”) on a parity with the Series 1995 Bonds, the Series 1998 Bonds, and the Series 1999 Bonds. The Series 2001 Bonds are currently outstanding in the aggregate principal amount of \$4,285,000.

8. The Municipality has previously authorized, sold, and issued its \$3,305,000 Waterworks System Mortgage Revenue Refunding Bonds, Series 2001B, dated December 1, 2001 (the “**Series 2001B Bonds**”) on a parity with the Series 1995 Bonds, the Series 1998 Bonds, the Series 1999 Bonds, and the Series 2001 Bonds. The Series 2001B Bonds are currently outstanding in the aggregate principal amount of \$605,000.

9. The Municipality has previously authorized, sold, and issued its \$4,500,000 Waterworks System Mortgage Revenue Bonds, Series 2002A, dated May 1, 2002 (the “**Series 2002A Bonds**”) on a parity with the Series 1995 Bonds, the Series 1998 Bonds, the Series 1999 Bonds, the Series 2001 Bonds, and the Series 2001B Bonds. The Series 2002A Bonds are currently outstanding in the aggregate principal amount of \$4,165,000.

10. The Municipality has previously authorized, sold, and issued its \$19,055,000 Waterworks System Mortgage Revenue Bonds, Series 2003A, dated August 15, 2003 (the “**Series 2003A Bonds**”) on a parity with the Series 1995 Bonds, the Series 1998 Bonds, the Series 1999 Bonds, the Series 2001 Bonds, the Series 2001B Bonds, and the Series 2002A Bonds (collectively with the Series 2003A Bonds, the “**Outstanding Bonds**”). The Series 2003A Bonds are currently outstanding in the aggregate principal amount of \$19,055,000.

11. Other than the Outstanding Bonds, no other outstanding obligations are payable solely from the income and revenues derived from the operation of the System.

12. Under the provisions of the Act, the Municipality may provide for the refunding of any outstanding bonds, bond anticipation notes, or promissory notes which were issued under the Act or Chapter 67 of the Wisconsin Statutes for any of the purposes set forth in Section 66.0621 (3) of the Wisconsin Statutes from the proceeds of notes or bonds, which notes or bonds are to be payable only from the income and revenues derived from the operation of the System.

13. The Municipality is presently in need of funds aggregating not to exceed \$3,630,000 for the purpose or purposes of financing the advance refunding of the entire outstanding principal amount of the Series 1995 Bonds and the Series 1998 Bonds (collectively, the “**Refunding**”).

14. The Governing Body desires to finance the costs of the Refunding by authorizing, selling, and issuing, pursuant to the provisions of the Act, upon the terms and conditions set forth below, \$3,630,000 in principal amount of Water Utility Mortgage Revenue Refunding Bonds, Series 2005A (the “**Bonds**”), which, together with the Outstanding Bonds (with which they will rank on a parity and equality of rank), will be secured by the income and revenues derived and to be derived from the operation of the System.

15. All conditions required by the 1978 Ordinance for the issuance of bonds on a parity with the Series 1978 Bonds, and continued by the ordinances or resolutions authorizing the issuance of the Outstanding Bonds, have been or will have been satisfied prior to the issuance of the Bonds.

16. In accordance with the provisions of Section 66.0621 (4) (a) 2 of the Wisconsin Statutes and this resolution, (i) interest on the Bonds will be payable at least annually, and (ii) payment of principal of the Bonds will commence not later than 3 years after the date of issuance of the Bonds.

17. The Clerk of the Municipality caused notice (the “**Sale Notice**”) of the sale of the Bonds to be given. The Sale Notice is made of record in these proceedings, and the Governing Body ratifies the Sale Notice.

18. In accordance with the Sale Notice and the Official Terms of Offering for the Bonds (the “**Official Terms of Offering**”), written bids for the sale of the Bonds were received and delivered to the Governing Body at the beginning of the meeting at which this resolution is being considered.

19. The Governing Body has considered all the bids it received. The best bidder was Stifel, Nicolaus & Company, Incorporated or a group that it leads (the “**Bond Purchaser**”). The Bond Purchaser bid the price of \$3,638,903.92 for the entire issue of Bonds (the “**Purchase Price**”), plus any accrued interest, and specified that the Bonds maturing in the years shown below will bear interest at the respective rates shown below:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2006	\$440,000	3.000%
2007	440,000	3.000
2008	445,000	3.000
2009	460,000	3.250
2010	485,000	3.250
2011	240,000	3.500
2012	265,000	3.625
2013	275,000	3.750
2014	285,000	3.750
2015	295,000	4.000

20. The Bond Purchaser's bid complies with all terms of the Official Terms of Offering.

21. The Governing Body has determined that the amount of the annual debt service payments to be made or provided for with respect to the Bonds is reasonable in accordance with prudent municipal utility management practices.

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

23. The Governing Body will adopt this resolution to sell and issue the Bonds.

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.

“**1978 Ordinance**” means the ordinance of the Governing Body duly adopted on March 28, 1978 authorizing the issuance of the Series 1978 Bonds and establishing the terms under which parity bonds may be issued.

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

“**Additional Parity Bonds**” means all other obligations payable from the revenues of the System other than the Bonds and the Outstanding Bonds but issued on a parity and equality with the Bonds and the Outstanding Bonds pursuant to the restrictive provisions of Section 11 of the 1978 Ordinance.

“**Bonds**” means the \$3,630,000 City of Madison, Dane County, Wisconsin Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, which will be issued pursuant to this resolution.

“**Bond Purchaser**” means Stifel, Nicolaus & Company, Incorporated or a group that it leads.

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

- The name and address of the owner of each Bond.
- All transfers of each Bond.

“**Book-Entry System**” means a system in which no physical distribution of certificates representing ownership of the Bonds is made to the owners of the Bonds but instead

all outstanding Bonds are registered either in the name of a securities depository appointed by the Municipality or in the name of such a depository's nominee. Individual ownership of the Bonds is tracked electronically by such depository.

“**Callable Bonds**” means the entire outstanding principal amount of the Series 1995 Bonds and the 2007 through and including 2015 maturities of the Series 1998 Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Continuing Disclosure Agreement**” means the following documents that collectively constitute the Utility's undertaking to provide continuing disclosure, as they may be amended from time to time:

- Master Agreement on Continuing Disclosure, which was executed by the Utility and dated August 1, 1995.
- Supplemental Agreement on Continuing Disclosure, which will be executed by the Utility and dated the date of issuance and delivery of the Bonds.

“**Current Expenses**” means the reasonable and necessary cost of operating, maintaining, administering, and repairing the System, including water at wholesale, if any, salaries, wages, cost of materials and supplies, insurance, and audits, but shall exclude depreciation, debt service, tax equivalents, replacements, and capital expenditures.

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

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

“**Escrow Account**” means the escrow account created under the Escrow Agreement.

“**Escrow Agent**” means U.S. Bank National Association.

“**Escrow Agreement**” means the escrow agreement between the Municipality and the Escrow Agent relating to the Refunding. The escrow agreement must:

- Be authorized by this resolution.
- Provide for the transfers of funds required to pay when due the interest on and principal of each Refunded Bond on and before its maturity or Redemption Date and to redeem the principal amount of each Callable Bond on its Redemption Date.
- Be in such form as the Municipal Officers approve. The execution of the Escrow Agreement by the Municipal Officers will be conclusive evidence of such approval.

“**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 paying agent and registrar for the Bonds 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 if the Original Purchasers consent to the change. If the Original Purchasers consent to the change, then the change will not constitute a modification, change, amendment or alteration of this resolution for purposes of Section 22 of this resolution or Section 20 of the 1978 Ordinance.

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

“**Gross Revenues**” means the gross revenues of the System from all sources, excluding earnings on the Special Redemption Fund, customer deposits, and collected taxes imposed by other governmental entities.

“**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, Dane County, Wisconsin.

“**Net Revenues**” means Gross Revenues after deduction of Current Expenses.

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

“**Original Issue Date**” means March 1, 2005.

“**Original Purchasers**” means the Bond Purchaser and the purchaser of each issue of Additional Parity Bonds from the Municipality.

“**Outstanding Bonds**” means: (i) on the date of this resolution, the combined reference to the Series 1995 Bonds, the Series 1998 Bonds, the Series 1999 Bonds, the Series 2001 Bonds, the Series 2001B Bonds, the Series 2002A Bonds, and the Series 2003A Bonds; and (ii) on and after the date of issuance of the Bonds, assuming that the outstanding Series 1995 Bonds and Series 1998 Bonds are defeased on that date, the combined reference to the Series 1999 Bonds, the Series 2001 Bonds, the Series 2001B Bonds, the Series 2002A Bonds, and the Series 2003A Bonds.

“**Purchase Price**” means \$3,638,903.92.

“**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 Bonds.

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

“Redemption Date” means (i) July 1, 2005 with respect to the Series 1995 Bonds, and (ii) January 1, 2006 with respect to the callable maturities of the Series 1998 Bonds.

“Refunded Bonds” means, collectively, the entire outstanding principal amounts of the Series 1995 Bonds and the Series 1998 Bonds.

“Refunding” means the refunding of the Refunded Bonds.

“Series 1978 Bonds” means the Municipality’s \$6,825,000 Waterworks System Mortgage Revenue Refunding and Improvement Bonds, Series 1978, dated March 1, 1978. The last of the Series 1978 Bonds was retired on January 1, 1997.

“Series 1995 Bonds” means the Municipality’s \$2,500,000 Waterworks System Mortgage Revenue Bonds, Series 1995, dated August 1, 1995, currently outstanding in the aggregate principal amount of \$1,080,000 but expected to be defeased in full on March 15, 2005.

“Series 1998 Bonds” means the Municipality’s \$4,000,000 Waterworks System Mortgage Revenue Bonds, Series 1998, dated April 1, 1998, currently outstanding in the aggregate principal amount of \$2,525,000 but expected to be defeased in full on March 15, 2005..

“Series 1999 Bonds” means the Municipality’s \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 1999, dated December 1, 1999, currently outstanding in the aggregate principal amount of \$4,015,000.

“Series 2001 Bonds” means the Municipality’s \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 2001, dated April 1, 2001, currently outstanding in the aggregate principal amount of \$4,285,000.

“Series 2001B Bonds” means the Municipality’s \$3,305,000 Waterworks System Mortgage Revenue Refunding Bonds, Series 2001B, dated December 1, 2001, currently outstanding in the aggregate principal amount of \$605,000.

“Series 2002A Bonds” means the Municipality’s \$4,500,000 Waterworks System Mortgage Revenue Bonds, Series 2002A, dated May 1, 2002, currently outstanding in the aggregate principal amount of \$4,615,000.

“Series 2003A Bonds” means the Municipality’s \$19,055,000 Waterworks System Mortgage Revenue Bonds, Series 2003A, dated August 15, 2003, currently outstanding in the aggregate principal amount of \$19,055,000.

“Special Redemption Fund” means the fund designated as the Waterworks System Special Redemption Fund as described in Section 7 of the 1978 Ordinance and continued under Section 20 of this resolution.

“System” means the entire waterworks system of the Municipality including all waterworks property of every nature now or hereafter owned by the Municipality including all improvements and extensions thereto made by the Municipality while any of the Bonds and Additional Parity Bonds remain outstanding, including all real and personal property of every

nature comprising part of or used or useful in connection with such waterworks system and including all appurtenances, contracts, leases, franchises, and other intangibles.

“**Utility**” means the Madison Water Utility.

Section 2. Exhibits.

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

- *Exhibit A* — Form of Bond.
- *Exhibit B* — Notice to Electors of Sale.

Section 3. Purposes of Borrowing; Issuance of Bonds.

The Governing Body authorizes the Bonds and orders that they be prepared, executed, and issued. The Bonds will be fully registered, negotiable, waterworks system mortgage revenue refunding bonds of the Municipality in the principal amount of \$3,630,000. The Bonds will be issued for the purposes of the Refunding and paying the expenses of issuing the Bonds (including, but not limited to, fees for financial consultants, bond counsel, rating agencies, insurance, and registration, as applicable). The Bonds will be issued under the provisions of the Act.

Section 4. Terms of Bonds.

The Bonds will be named “City of Madison, Dane County, Wisconsin Water Utility Mortgage Revenue Refunding Bonds, Series 2005A.” The Bonds will be dated the Original Issue Date, even if they are actually executed or issued on another date. Each Bond 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 Bond will be \$5,000 or any whole multiple thereof up to the principal amount authorized for that maturity.

The Bonds will bear interest from the Original Issue Date. Interest on the Bonds will be payable July 1, 2005 and semiannually after that date on each January 1 and July 1 until the principal of the Bonds has been paid. Interest on each Bond will be (i) computed on the basis of a 360-day year of twelve 30-day months and (ii) payable to the entity or person in whose name the Bond is registered on the Bond Register at the end of the day on the applicable Record Date. The Bonds 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 Bonds.

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

Principal Maturity Date (<u>January 1</u>)	Principal Amount	Interest Rate
2006	\$440,000	3.000%
2007	440,000	3.000
2008	445,000	3.000
2009	460,000	3.250
2010	485,000	3.250
2011	240,000	3.500
2012	265,000	3.625
2013	275,000	3.750
2014	285,000	3.750
2015	295,000	4.000

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

Section 5. Refunding of Refunded Bonds; Escrow Account.

To provide for the payment of the principal of and interest on each Refunded Bond when due on and prior to its maturity or Redemption Date, and to effect the redemption of each Callable Bond on its Redemption Date, the Municipal Officers are directed to enter into the Escrow Agreement on the Municipality's behalf and to transfer to the Escrow Account the amounts described in Sections 24 and 25 of this resolution. The amounts deposited in the Escrow Account must be invested and disbursed in the manner described in the Escrow Agreement.

It is necessary to purchase investment securities to be held in the Escrow Account. Springsted Incorporated, as an agent for the Municipality, is directed to purchase, or cause to be purchased, appropriate securities to be held in the Escrow Account in the Municipality's name. The securities that are purchased must be deposited in the Escrow Account and held pursuant to the terms of the Escrow Agreement and this resolution.

Section 6. Redemption of Callable Bonds.

Subject to the delivery of the Bonds and the receipt of the Purchase Price for the Bonds from the Bond Purchaser, the Municipality irrevocably directs that the principal amount of each Callable Bond be redeemed and paid in full in advance of its stated maturity on the applicable Redemption Date. The appropriate officers of the Municipality are directed to instruct the fiscal agent for the Series 1995 Bonds and the fiscal agent for the Series 1998 Bonds to take all actions required to call each Callable Bond for redemption on the applicable Redemption Date, including giving notice in the manner that the governing documents for the Series 1995 Bonds and the Series 1998 Bonds require, provided that no such action shall be taken until the

Bonds have been delivered and the Municipality has received the Purchase Price for the Bonds from the Bond Purchaser.

Section 7. Fiscal Agent.

The Municipality appoints the Fiscal Agent to act as paying agent and registrar for the Bonds. 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 must require the Fiscal Agent to comply with all applicable federal and state regulations. Among other things, the Fiscal Agent must maintain the Bond Register.

Section 8. Appointment of Depository.

The Municipality appoints DTC to act as securities depository for the Bonds. The Municipal Officers are directed to enter into a contract with DTC on the Municipality's behalf.

Section 9. Book-Entry System.

On their date of issuance, the Bonds 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 at any time not to maintain a Book-Entry System. If the Municipality decides not to maintain a Book-Entry System, then it will do the following:

- At its expense, the Municipality will prepare, authenticate, and deliver to the beneficial owners of the Bonds fully registered certificated Bonds in the denomination of \$5,000 or any whole 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.
- The Municipality will appoint a fiscal agent to act as paying agent and registrar under Section 67.10 (2) of the Wisconsin Statutes (the Fiscal Agent may be reappointed in this capacity).

Section 10. Redemption.

The Bonds maturing on and after January 1, 2014 are subject to redemption before their stated maturity dates, at the Municipality's option, in whole or in part, in the order of maturity selected by the Municipality, on January 1, 2013 and on any date thereafter. The redemption price will be 100% of the principal amount redeemed, plus accrued interest to the redemption date, and no premium will be paid. If less than all outstanding Bonds are redeemed, then the Bonds will be redeemed in \$5,000 multiples in accordance with Sections 11 and 12 hereof.

Section 11. Payment of Bonds/Transfers/Redemption Notices Under Book-Entry System.

So long as the Municipality maintains the Bonds in a Book-Entry System, then the following provisions apply:

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

Transfers. The Bonds are transferable, only upon the Bond Register and only if the Depository ceases to act as securities depository for the Bonds and the Municipality appoints a successor securities depository. If that happens, then upon the surrender of the Bonds to the Fiscal Agent, and the payment of a charge sufficient to reimburse the Fiscal Agent for any tax, fee, or other governmental charge required to be made with respect to such registration, the Municipality will issue new fully registered Bonds in the same aggregate principal amounts to the successor securities depository, and the Bonds will be recorded as transferred to the successor securities depository in the Bond Register.

The Fiscal Agent will not be required to make any transfer of the Bonds (i) during the 15 calendar days before the date of the sending of notice of any proposed redemption of the Bonds, or (ii) with respect to any particular Bond, after such Bond has been called for redemption. If a Bond has been called for redemption but less than all of the principal amount of a specific maturity is redeemed, then on the redemption date and upon surrender of the Bond, the Municipality will issue one or more new Bonds in the principal amount outstanding after the redemption.

Partial Redemption. If less than all of a particular maturity of the Bonds is to be redeemed, then the Depository and its direct and indirect participants will select the beneficial owners of the Bonds to be redeemed in accordance with its rules at the time.

Notice of Redemption. Notice of the redemption of any of the Bonds will be sent to the Depository, in the manner required by the Depository, not less than 30 and not more than 60 days prior to the proposed redemption date. A notice of redemption may be revoked by sending notice to the Depository, in the manner required by the Depository, not less than 15 days prior to the proposed redemption date.

Accrual of Interest. If payment of a Bond called for redemption has been made or provided for, then interest on the Bond stops accruing on the stated redemption date.

Bond Register. The Municipality, the Fiscal Agent, and any alternate fiscal agent may treat the entity or person in whose name any Bond is registered on the Bond Register as the absolute owner of the Bonds for all purposes whatsoever under this resolution.

Section 12. Payment of Bonds/Transfers/Redemption Notices Not Under Book-Entry System.

If the Municipality does not maintain the Bonds in a Book-Entry System, then the following provisions apply:

Payment. The Fiscal Agent will pay the principal of and premium, if any, on each Bond upon its presentation and surrender on or after its maturity or earlier redemption date at the principal office of the Fiscal Agent, and the Fiscal Agent will pay, on each interest payment date, the interest on each Bond by check or draft mailed to the person in whose name the Bond is registered on the Bond Register at the end of the day on the applicable Record Date.

Transfers. Each Bond is transferable, only upon the Bond Register, for a like aggregate principal amount of the same maturity and interest rate in authorized denominations. A transfer may be requested by the registered owner in person or by a person with a written power of attorney. The Bond 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 Fiscal Agent will issue one or more new fully registered Bonds in the same aggregate principal amount to the transferee or transferees, as applicable, in exchange for the surrendered Bonds 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 Fiscal Agent will not be required to make any transfer of the Bonds (i) during the 15 calendar day period before the date of the sending of notice of any proposed redemption of the Bonds, or (ii) with respect to any particular Bond, after the Bond has been called for redemption.

Partial Redemptions. If on a redemption date there is more than one registered owner of the Bonds, then (i) in the event that less than all of the Bonds have been called for redemption, the Municipality will randomly select the Bonds to be redeemed, and (ii) in the event that less than all of a particular Bond has been called for redemption, upon surrender of the Bond to be redeemed, the Municipality will issue one or more new Bonds in the principal amount outstanding after the redemption.

Notice of Redemption. Notice of the redemption of any of the Bonds must be mailed, postage prepaid, not less than 30 and not more than 60 days before the redemption date to the registered owners of the Bonds to be redeemed. Failure to mail a notice or a defect in how it is given does not affect the validity of any proceedings for the redemption of the Bonds if notice has been published at least once not less than 30 and not more than 45 days prior to the date of redemption in a financial journal or newspaper published or circulated in New York, New York. A notice of redemption may be revoked by the mailing of a notice, postage prepaid, not less than 15 days prior to the proposed redemption date to the registered owners of the Bonds which have been called for redemption. Failure to mail a notice or a defect in how it is given does not affect the validity of the revocation if notice has been published at least once not less than 15 days prior to the proposed redemption date in a financial journal or newspaper published or circulated in New York, New York.

Accrual of Interest. If payment of a Bond called for redemption has been made or provided for, then interest on the Bond stops accruing on the stated redemption date.

Bond Register. The Municipality, the Fiscal Agent, and any alternate fiscal agent may treat the entity or person in whose name any Bond is registered on the Bond Register as the absolute owner of the Bond for all purposes whatsoever under this resolution.

Section 13. Form of Bonds.

The Bonds must 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.

Section 14. Execution of Bonds.

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

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

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 15. Continuing Disclosure.

The Municipality is directed to cause the appropriate officer of the Utility to sign the Continuing Disclosure Agreement, and the Municipality agrees to cause the Utility, as an "obligated person" of the Municipality under Rule 15(c)2-12 promulgated by the United States Securities and Exchange Commission, to comply with all of its terms.

Section 16. Payable Solely From Revenues.

The Bonds and Additional Parity Bonds, together with interest thereon, shall be payable only out of the Special Redemption Fund as provided in the 1978 Ordinance, in the ordinances and resolutions providing for the issuance of the Outstanding Bonds, and in this resolution and shall be a valid claim of the registered owners thereof only against the Special Redemption Fund and the revenues pledged to such fund, on a parity and equality with the Outstanding Bonds. Sufficient revenues are hereby pledged to the Special Redemption Fund and shall be used for no purpose other than to pay the principal of and interest on the Outstanding Bonds, the Bonds, and any Additional Parity Bonds as the same shall become due. The Outstanding Bonds, the Bonds, and any Additional 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 nor a charge against its general credit or taxing power.

Section 17. Pledge.

The Municipality pledges the Net Revenues of the System and all amounts in the Special Redemption Fund to the payment of the principal of and interest on the Bonds, the Outstanding Bonds, and Additional Parity Bonds as provided in this resolution.

Section 18. Equality of Lien.

The Bonds, all Outstanding Bonds, and any Additional Parity Bonds, regardless of issue dates, maturity dates, or series designations, will be secured equally by the pledge of the Special Redemption Fund and the Net Revenues of the System.

Section 19. No Senior Bonds; Additional Parity Bonds.

The Municipality will issue no bonds 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 Bonds with respect to their payment or security. The Municipality may issue Additional Parity Bonds on the terms and conditions set forth in Section 11 of the 1978 Ordinance.

Section 20. Application of Certain Provisions of the 1978 Ordinance.

The Bonds shall be issued in compliance with and under the authority of the provisions of the 1978 Ordinance so as to be on a parity with the Outstanding Bonds. All of the provisions of Sections 7, 8, 9, 11, 16, 19, and 20 of the 1978 Ordinance shall be applicable to the Bonds as if said provisions were set out in full in this resolution, and the restrictions of said Section 11 shall determine whether additional bonds rank on a parity with the Bonds; *provided, however,* that pursuant to Wisconsin law presently in force, it is no longer necessary to allocate the respective proportions of the revenues of the System previously allocated to the Waterworks System Operation and Maintenance Fund, the Waterworks System Depreciation Fund, and the Special Redemption Fund as provided pursuant to statutory requirement in Section 8 of the 1978 Ordinance. It has previously been determined, and is hereby confirmed, that the present and future requirements of said funds shall be determined from time to time by the Board of Water Commissioners of the Municipality in accordance with prudent public utility management practices; *further provided,* that money in the Waterworks System Revenue Fund shall be deposited in the Special Redemption Fund in amounts at all times sufficient to provide for the payment when due of the principal of and interest on the Bonds, the Outstanding Bonds and any Additional Parity Bonds. Amendments to the 1978 Ordinance made in accordance with Section 20 thereof shall be binding upon the holders of the Bonds without any amendment of this resolution.

In the application of the requirements of Section 8(b) of the 1978 Ordinance, relating to monthly transfers to the Reserve Account of the Special Redemption Fund, it is hereby determined that the minimum monthly transfer to the Reserve Account shall be \$10,000 (or such larger amount as may hereafter and from time to time be established by the

Municipality) and any money in the Reserve Account in excess of the maximum annual principal and interest requirements of the Bonds, the Outstanding Bonds and Additional Parity Bonds then outstanding (the “**Reserve Amount**”) payable from the Special Redemption Fund shall be transferred to the Waterworks System Surplus Fund; *provided*, that the minimum monthly transfer to the Reserve Account shall be \$10,000 until the amount in the Reserve Account is at least equal to the Reserve Amount. In anticipation of the issuance of additional debt, the minimum monthly transfer to the Reserve Account was increased by resolution in 1992 to \$22,000. Since the anticipated additional debt was not issued, the minimum monthly transfer to the Reserve Account shall be \$10,000 as stated in the 1978 Ordinance and as confirmed in this resolution.

In the application of the provisions of Section 8(c) of the 1978 Ordinance, it is hereby redetermined that any money in excess of \$750,000 (or such larger amount as may hereafter and from time to time be established by the Governing Body) on deposit in the Waterworks System Depreciation Fund and not required during the current fiscal year for the purposes of said fund may be transferred to the Waterworks System Surplus Fund.

Section 21. Mortgage Lien.

As additional security for the Bonds, the Municipality grants the registered owners of the Bonds a mortgage lien upon the System. The Governing Body directs that this resolution be recorded in the Municipality’s records to perfect this mortgage lien pursuant to the provisions of Section 66.0621 (4) (b) of the Wisconsin Statutes. The Governing Body has also granted mortgage liens upon the System in favor of the registered owners of the Outstanding Bonds. In some cases the mortgage lien was granted by virtue of then existing statutory provisions mandating such a lien. In other cases the mortgage lien was granted pursuant to then existing statutory provisions that permitted the Municipality to grant such a lien. The Municipality recognizes that (i) the mortgage liens granted are valid and binding mortgage liens upon the System and any extensions and improvements made to the System, (ii) the System will remain subject to each mortgage lien until the payment in full of the principal of and interest on the applicable issue of Outstanding Bonds, and (iii) any registered owner of an Outstanding Bond may protect and enforce the mortgage lien granted and compel performance of all duties required of the Municipality under Section 66.0621 of the Wisconsin Statutes (or the corresponding provision of the Wisconsin Statutes that was in effect on the date on which the applicable Outstanding Bond was issued).

Section 22. Resolution a Contract; Remedies of Bondholders; Amendment of Resolution.

The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Bonds and Additional Parity Bonds, except for recomputation as provided in Section 8 of the 1978 Ordinance and in Section 20 of this resolution.

The registered owners of any of the Bonds and any Additional Parity Bonds shall 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 rights 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 for the appointment of a receiver for the System in the event of a default in the payment of principal or interest on the Bonds and any Additional Parity Bonds.

Amendment Without the Consent of the Owners. This resolution may be amended from time to time without the consent of the owners of the Bonds to make any change that does not adversely affect the owners of the Bonds, 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 owners of not less than two-thirds in outstanding principal amount of the Bonds and any Additional Parity Bonds (not including any Bonds or Additional Parity Bonds that are held or owned by or for the account of the Municipality); however, this resolution may be amended only with the unanimous written consent of the registered owners of the Bonds and any Additional Parity Bonds (not including any Bonds or Additional Parity Bonds that are held or owned by or for the account of the Municipality):

- To make any change in the stated maturity date of or interest rate on any Bond or Additional Parity Bond; modify the terms of payment of principal of or interest on any Bond or Additional Parity Bond; or impose any conditions with respect to payment of principal of or interest on any Bond or Additional Parity Bond;
- To materially affect the rights of the owners of less than all Bonds or Additional Parity Bonds then outstanding; or
- To reduce the required outstanding principal amount of the Bonds or Additional Parity Bonds 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 of the proposed amendment (the “**Consent**”) to be (i) mailed by certified mail to all owners of the Bonds and any Additional Parity Bonds and (ii) filed with the Original Purchasers. 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 Bonds and Additional Parity Bonds upon execution of the Consent. The Amendment Notice and Consent may be one instrument.

If at any time prior to one year from the date of the mailing of the Amendment Notice and Consent the Recording Officer receives Consents executed by the owners of the Bonds and Additional Parity Bonds owning not less than the required outstanding principal amount of the Bonds and Additional Parity Bonds, 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 owners of all of the Bonds and the Additional Parity Bonds issued after the Bonds.

Any Consent given by the owner of a Bond or an Additional Parity Bond 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 owners of the same Bond or Additional Parity Bond during the six-month period. A Consent may be revoked at any time after the six-month period by the owner who gave the Consent or by a successor in title by filing notice of such revocation with the Recording Officer; provided, however, that a revocation will not be effective if the Recording Officer has already received Consents from owners of the Bonds and Additional Parity Bonds owning not less than the required outstanding principal amount of the Bonds and Additional Parity Bonds, evidencing their consent to and approval of the proposed amendment that was the subject of the Consent.

Section 23. Sale of Bonds.

The Municipality awards the sale of the Bonds to the Bond Purchaser at the Purchase Price, plus any accrued interest from the Original Issue Date to the date of delivery of the Bonds. The Municipality approves and accepts the contract signed and presented by the Bond Purchaser to purchase the Bonds. The Municipal Officers are directed to sign the contract in the Municipality's name. The Municipal Officers are also directed to take any additional actions needed to complete the sale of the Bonds, including arranging for a specific time and place of closing of the sale.

The Financial Officer is directed to return to each unsuccessful bidder its good-faith-deposit check and to deposit the good-faith-deposit check provided by the Bond Purchaser. The amount of the Bond Purchaser's good-faith-deposit check will be applied against the Purchase Price upon delivery of the Bonds. No interest will accrue to the Bond Purchaser on the good-faith-deposit amount held by the Municipality. In the event that the Bond Purchaser uses a financial surety bond to secure its good-faith-deposit requirement and the Bond Purchaser does not submit its good-faith-deposit by the time required, the Financial Officer is directed to make a draw on the financial surety bond in the amount of the good-faith deposit.

The officers of the Municipality are directed to sign the Bonds and to arrange for delivery of the Bonds to the Bond Purchaser in accordance with the Official Terms of Offering, the proposal received from the Bond Purchaser, and this resolution. The Bonds may be delivered to the Bond Purchaser upon payment by the Bond Purchaser of the Purchase Price, plus any accrued interest, as required by the Official Terms of Offering.

The sale of the Bonds is conditioned upon the Municipality furnishing the following items to the Bond Purchaser:

- The Bonds, together with the written, unqualified approving opinion of the law firm of Foley & Lardner LLP, bond counsel, evidencing the legality of the Bonds and that interest on the Bonds will be excluded from gross income for federal income tax purposes.
- A transcript of the proceedings relating to the issuance of the Bonds.

- A certificate showing that no litigation has been threatened or is pending that would affect the legality of the Bonds or the right of the Municipality to issue them at the time of their delivery.

Section 24. Disposition of Bond Proceeds.

The proceeds from the sale of the Bonds must be disbursed as follows:

- (a) All accrued interest must be deposited in the Interest and Principal Account of the Special Redemption Fund.
- (b) The contingency or rounding amount must be deposited in the Interest and Principal Account of the Special Redemption Fund and used to pay interest on the Bonds.
- (c) The remaining proceeds from the sale of the Bonds, together with the amount described in Section 25(a) hereof, must be deposited in trust with the Escrow Agent, pursuant to the Escrow Agreement, for the purpose of the Refunding and paying the costs of issuance of the Bonds.

Section 25. Fund Transfers.

The Financial Officer is hereby directed to make the following transfers of moneys and investments held in the specified funds and accounts simultaneously with, but not before, the delivery of the Bonds and the receipt of the proceeds thereof.

- (a) The amount in the Principal and Interest Account of the Special Redemption Fund established under the 1978 Ordinance and continued under the resolutions authorizing the issuance of the Series 1995 Bonds and the Series 1998 Bonds that is allocable to the Series 1995 Bonds and the Series 1998 Bonds must be deposited in trust with the Escrow Agent, pursuant to the Escrow Agreement.
- (b) Any moneys in the Reserve Account of the Special Redemption Fund in excess of the maximum annual principal and interest requirements of the Bonds and the Outstanding Bonds must be transferred to the Surplus Fund.
- (c) The remaining balances in all other funds and accounts established under the 1978 Ordinance and created or continued under the resolutions authorizing the issuance of the Series 1995 Bonds and the Series 1998 Bonds must be continued in the corresponding accounts affirmed and continued under this resolution and applied as provided in this resolution.

Section 26. Official Statement.

The Municipality ratifies and approves the official statement prepared for the Bonds and its distribution and authorizes and approves the official statement, together with the addendum thereto (collectively, the “**Official Statement**”), provided that the Official Statement must be substantially in the form submitted to this meeting, with such modifications as the

Municipal Officers approve. The Municipal Officers must deliver copies of the Official Statement to the Bond Purchaser and, if the Bond Purchaser requests, execute one or more copies on behalf of the Municipality. Execution and delivery of the Official Statement conclusively evidences the approval of any modifications to the Official Statement by the Municipal Officers.

Section 27. Publication of Notice.

The Recording Officer must publish notice that the Municipality has agreed to sell the Bonds. The notice must be published promptly after the adoption of this resolution in the Municipality's official newspaper as a class 1 notice under Chapter 985 of the Wisconsin Statutes. The notice must be in substantially the form shown in Exhibit B. The Recording Officer must obtain proof, in affidavit form, of the publication, and must compare the notice as published with the attached form to make sure that no mistake was made in publication.

Section 28. Authorization of Officers.

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

- Certified copies of proceedings and records of the Municipality relating to the Bonds and to the financial condition and affairs of the Municipality.
- Other affidavits, certificates, and information that may be required to show the facts about the legality of the Bonds, 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 29. Tax Law Covenants.

The Municipality covenants that it will comply with all requirements of the Code, and the Treasury Regulations promulgated thereunder, that must be satisfied so that interest on the Bonds will be excluded from gross income for federal income tax purposes.

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, the Issuer rescinds that part of the prior action.

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.

Section 33. Effective Date.

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

* * * * *

Adopted: February 22, 2005

Approved: February __, 2005

Mayor

Clerk

EXHIBIT A

FORM OF BOND

[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
COUNTY OF DANE
CITY OF MADISON

No. R-_____ Registered
\$_____

WATER UTILITY MORTGAGE REVENUE REFUNDING BOND,
SERIES 2005A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
_____%	January 1, 20__	March 1, 2005	558617 ____

REGISTERED OWNER: [CEDE & Co.] [_____]

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY OF MADISON, DANE COUNTY, WISCONSIN (herein called the “**Municipality**”) hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner, solely from the income and revenues hereinafter specified, the Principal Amount, on the Maturity Date, and to pay interest on the Principal Amount from the Original Issue Date at the annual rate of the Interest Rate. Interest is payable July 1, 2005 and semiannually after that date on January 1 and July 1 until the Principal Amount has been paid. Interest is computed on the basis of a 360-day year of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds (the “**Bonds**”) of the Municipality of an aggregate principal amount of \$3,630,000, all of which are of like tenor, except as to denomination, interest rate, maturity date, and redemption provisions, 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 Bond, together with interest hereon, is payable in lawful money of the United States of America, together with the Municipality's outstanding \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 1999, dated December 1, 1999; \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 2001, dated April 1, 2001; \$3,305,000 Waterworks System Mortgage Revenue Refunding Bonds, Series 2001B, dated December 1, 2001; \$4,500,000 Waterworks System Mortgage Revenue Bonds, Series 2002A, dated May 1, 2002; and \$19,055,000 Waterworks System Mortgage Revenue Bonds, Series 2003A, dated August 15, 2003 (collectively, the "**Outstanding Bonds**"), but only from the "**Waterworks System Special Redemption Fund**," which was created by an ordinance adopted by the governing body of the Municipality on March 28, 1978 (the "**1978 Ordinance**") and affirmed and continued by a resolution adopted by the governing body of the Municipality on February 22, 2005 (the "**2005 Resolution**"). The 2005 Resolution is entitled "A Resolution Authorizing and Providing for the Sale and Issuance of \$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, and All Related Details." Reference is hereby made to the 2005 Resolution for a more complete statement of the revenues from which and conditions under which this Bond is payable, the provisions pursuant to which this Bond has been issued, and the conditions under which bonds may hereafter be issued on a parity with this Bond. The Bonds rank on a parity with the Outstanding Bonds. This Bond does not constitute an indebtedness of the Municipality within the meaning of any constitutional or statutory limitation or provision.

This Bond is a valid claim of the registered owner hereof only against the Waterworks System Special Redemption Fund and the revenues pledged to the Waterworks System Special Redemption Fund. Sufficient revenues have been pledged to the Waterworks System Special Redemption Fund and will be used for no other purpose than to pay the principal of and interest on the Bonds as the same becomes due.

A mortgage lien, which is hereby recognized as valid and binding on the Municipality's waterworks system, which is owned and operated through the Municipality's water utility (the "**System**") and all extensions and improvements thereto, has been created and granted pursuant to Section 66.0621 of the Wisconsin Statutes to and in favor of the registered owner or owners of this Bond and the issue of which it is a part, and the System and all extensions and improvements thereto shall remain subject to such lien until the payment in full of the principal of and interest on this Bond and the issue of which it is a part.

On the date of issuance of the Bonds, the Municipality maintains a system for the Bonds in which no physical distribution of certificates representing ownership of the Bonds is made to the owners of the Bonds but instead all outstanding Bonds 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; individual ownership of the Bonds is tracked electronically by the Depository (a "**Book-Entry System**"). So long as the Bonds are maintained in the Book-Entry System, then the principal of, premium, if any, and interest on this Bond 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**"), who shall act as paying agent and registrar for the Bonds.

If the Municipality does not maintain the Bonds in a Book-Entry System, then (i) the principal of and premium, if any, on this Bond will be paid by the Fiscal Agent upon its presentation and surrender on or after its maturity or prior redemption date at the principal office of the Fiscal Agent, and (ii) the interest on this Bond will be paid, on each interest payment date, by the Fiscal Agent by check or draft mailed to the person in whose name this Bond is registered in the register (the “**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 Bonds maturing on or after January 1, 2014 are subject to redemption prior to their stated maturity dates, at the Municipality’s option, in whole or in part, in the order of maturity selected by the Municipality, on January 1, 2013 and on any date thereafter. The redemption price will be 100% of the principal amount redeemed plus accrued interest to the redemption date, and no premium will be paid. If less than all outstanding Bonds are redeemed, then the Bonds will be redeemed in \$5,000 multiples as described below.

If the Municipality maintains the Bonds in a Book-Entry System, then the following provisions apply:

- *Transfers.* The Bonds are transferable, only upon the Register and only if the Depository ceases to act as securities depository for the Bonds and the Municipality appoints a successor securities depository. If that happens, then upon the surrender of the Bonds to the Fiscal Agent and in exchange and upon the payment of a charge sufficient to reimburse the Fiscal Agent for any tax, fee, or other governmental charge required to be made with respect to such registration, the Municipality will issue new fully registered Bonds in the same aggregate principal amounts to the successor securities depository, and the Bonds will be recorded as transferred to the successor securities depository in the Register.

The Fiscal Agent will not be required to make any transfer of the Bonds (i) during the 15 calendar day period before the date of the sending of notice of any proposed redemption of the Bonds or (ii) with respect to any particular Bond, after such Bond has been called for redemption. If a Bond has been called for redemption, but less than all of the principal amount of a specific maturity is redeemed, then on the redemption date and upon surrender of the Bond, the Municipality will issue one or more new Bonds in the principal amount outstanding after the redemption.

- *Partial Redemption.* If less than all of a particular maturity of the Bonds is to be redeemed, then the Depository and its direct and indirect participants will select the beneficial owners of the Bonds to be redeemed in accordance with its rules at the time.
- *Notice of Redemption.* Notice of the redemption of any of the Bonds will be sent to the Depository, in the manner required by the Depository, not less than 30 and not more than 60 days prior to the proposed redemption

date. A notice of redemption may be revoked by sending notice to the Depository, in the manner required by the Depository, not less than 15 days prior to the proposed redemption date.

- *Accrual of Interest.* If payment of a Bond called for redemption has been made or provided for, then interest on the Bond stops accruing on the stated redemption date.
- *Register.* The Municipality, the Fiscal Agent, and any alternate fiscal agent may treat the entity or person in whose name this Bond is registered on the Register as the absolute owner of this Bond for all purposes.

If the Municipality does not maintain the Bonds in a Book-Entry System, then the following provisions apply:

- *Transfers.* Each Bond is transferable, only upon the Register, for a like aggregate principal amount of the same maturity and interest rate in authorized denominations. A transfer may be requested by the registered owner in person or by a person with a written power of attorney. The Bond 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 Fiscal Agent will issue one or more new fully registered Bonds in the same aggregate principal amount to the transferee or transferees, as applicable, in exchange for the surrendered Bonds 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 Fiscal Agent will not be required to make any transfer of the Bonds (i) during the 15 calendar day period before the date of the sending of notice of any proposed redemption of the Bonds, or (ii) with respect to any particular Bond, after the Bond has been called for redemption. If a portion of a Bond has been called for redemption, then on the redemption date and upon surrender of the Bond, the Municipality will issue one or more new Bonds in the principal amount outstanding after the redemption.

- *Partial Redemption.* If less than all of a particular maturity of the Bonds is to be redeemed, then the Municipality will randomly select the Bonds to be redeemed.
- *Notice of Redemption.* Notice of the redemption of any of the Bonds will be mailed, postage prepaid, not less than 30 and not more than 60 days before the stated redemption date to the registered owners of any Bonds to be redeemed. Failure to mail a notice or a defect in how it is given does not affect the validity of any proceedings for the redemption of the Bonds if notice of the redemption has been published at least once not less than

30 and not more than 45 days prior to the stated redemption date in a financial journal or newspaper published or circulated in New York, New York. Notice of redemption may be revoked by the mailing of a notice, postage prepaid, not less than 15 days prior to the proposed redemption date to the registered owners of any Bonds which were to have been redeemed. Failure to mail a notice or a defect in how it is given does not affect the validity of the revocation if notice has been published at least once not less than 15 days prior to the proposed redemption date in a financial journal or newspaper published or circulated in New York, New York.

- *Accrual of Interest.* If payment of a Bond called for redemption has been made or provided for, then interest on the Bond stops accruing on the stated redemption date.
- *Register.* The Municipality, the Fiscal Agent, and any alternate fiscal agent may treat the entity or person in whose name this Bond is registered on the Register as the absolute owner of this Bond for all purposes.

The Municipality hereby certifies, recites and declares that all acts, conditions, and things required by law to be, or to be done, precedent to and in the issuing of this Bond 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; that the indebtedness of the Municipality, including this Bond and the issue of which it is a part, does not exceed any limitation, general or special, imposed 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 and interest on this Bond.

IN WITNESS WHEREOF, the Municipality, by its governing body, has caused this Bond 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 March 1, 2005.

CITY OF MADISON, DANE COUNTY, WISCONSIN

By: _____
Mayor

[SEAL]

And: _____
Clerk

Certificate of Authentication:

Dated: March __, 2005

This Bond is one of the Bonds described in the within-mentioned Resolution.

_____,
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

[Empty rectangular box for Social Security or other identifying number]

(Please Print or Type Name and Address of Assignee)

the within-mentioned Bond 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 Bond 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 Bond.

March __, 2005

Subject: \$3,630,000
City of Madison, Dane County, Wisconsin
Water Utility Mortgage Revenue Refunding Bonds, Series 2005A

We have acted as bond counsel in connection with the issuance by the City of Madison, Dane County, Wisconsin (the "**Municipality**") of its \$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, dated March 1, 2005 (the "**Bonds**").

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon the certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, we are of the opinion that, under existing law:

1. The Bonds are payable only from the income and revenues derived from the operation of the Municipality's waterworks system, which is owned and operated through the Municipality's water utility (the "**System**"). The Bonds are issued on a parity with the Municipality's \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 1999, dated December 1, 1999; the Municipality's \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 2001, dated April 1, 2001; the Municipality's \$3,305,000 Waterworks System Mortgage Revenue Refunding Bonds, Series 2001B, dated December 1, 2001; the Municipality's \$4,500,000 Waterworks System Mortgage Revenue Bonds, Series 2002A, dated May 1, 2002; and the Municipality's \$19,055,000 Waterworks System Mortgage Revenue Bonds, Series 2003A, dated August 15, 2003 (collectively, the "**Outstanding Bonds**"). The Bonds 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 whatever for payments of the Bonds.

2. The Municipality has pledged the entire gross revenues derived from the operation of the System, after deduction of the current expenses of operating and maintaining the System, to the payment of the Bonds, the Outstanding Bonds, and all other obligations payable from the revenues of the system other than the Bonds and the Outstanding Bonds but issued on a parity with the Bonds and the Outstanding Bonds (the "**Additional Parity Bonds**"). In addition, the Municipality has pledged certain funds and accounts continued or established by the resolution authorizing the issuance of the Bonds to the payment of the Bonds, the Outstanding Bonds, and the Additional Parity Bonds, and created a mortgage lien upon the System in favor of the owners of the Bonds.

3. Under circumstances and subject to conditions stated in the resolution authorizing the issuance of the Bonds, additional bonds may later be issued on a parity with the Bonds.

4. The Bonds were duly authorized, executed, and delivered by the Municipality and are valid and binding revenue obligations enforceable in accordance with their terms.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. The Municipality must comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The Municipality has promised to comply with those requirements. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactive to the date the Bonds were issued. The Municipality has **not** designated the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code. We express no opinion about other federal tax law consequences relating to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights and by equitable principles (which may be applied in either a legal or an equitable proceeding).

We express no opinion as to the truth or completeness of any official statement or other disclosure document used in connection with the offer and sale of the Bonds.

Our opinion is given as of the date of this letter. We assume no duty to update our opinion to reflect any facts or circumstances that later come to our attention or any subsequent changes in law.

Very truly yours,

EXHIBIT B

NOTICE TO THE ELECTORS OF THE
CITY OF MADISON, WISCONSIN
RELATING TO BOND SALE

On February 22, 2005, pursuant to Section 66.0621 of the Wisconsin Statutes, a resolution was offered, read, approved and adopted whereby the City of Madison, Dane County, Wisconsin authorized the borrowing of money and entered into a contract to sell water utility mortgage revenue refunding bonds in the face amount of \$3,630,000. It is anticipated that the closing of this bond sale will be held on or about March 15, 2005. A copy of all proceedings had to date with respect to the authorization and sale of said bonds 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: March __, 2005

/s/ Ray Fisher
City Clerk

CERTIFICATIONS BY CLERK

I, Ray Fisher, hereby certify that I am the duly qualified and acting Clerk of the City of Madison, Dane County, 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 \$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, and All Related Details

I do hereby further certify as follows:

1. **Meeting Date.** On the 22nd day of February, 2005 a meeting of the Governing Body was held commencing at _____ p.m.
2. **Posting.** On the _____ day of February, 2005 (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 time, date, place, and subject matter (including specific reference to the Resolution) of said meeting.
3. **Notification of Media.** On the _____ day of February, 2005 (and not less than 24 hours prior to the meeting), I communicated or caused to be communicated, the time, date, place, 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 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 a majority of a quorum of the members of the Governing Body in attendance. The Presiding Officer then declared that the Resolution was adopted, and I so recorded it.

8. **Approval of Presiding Officer.** The Resolution was approved by the Presiding Officer on February __, 2005, and I have so recorded. Such approval is evidenced by the signature of the Presiding Officer on the copy of said 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 this ____ day of March, 2005.

Clerk

[Seal]