

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

November 6, 2007

Resolution No. \_\_\_\_\_

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**A Resolution Authorizing and Providing for the Sale and Issuance of  
\$27,185,000 Water Utility Revenue Bonds, Series 2007,  
and All Related Details**

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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 \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 1999, dated December 1, 1999 (the “**Series 1999 Bonds**”). The Series 1999 Bonds are currently outstanding in the aggregate principal amount of \$3,555,000.

5. 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 1999 Bonds. The Series 2001 Bonds are currently outstanding in the aggregate principal amount of \$3,910,000.

6. The Municipality has previously authorized, sold, and issued its \$3,305,000 Waterworks System Mortgage Revenue Bonds, Series 2001B, dated December 1, 2001 (the “**Series 2001B Bonds**”) on a parity with the Series 1999 Bonds and the Series 2001

Bonds. The Series 2001B Bonds are currently outstanding in the aggregate principal amount of \$210,000.

7. 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 1999 Bonds, the Series 2001 Bonds, and the Series 2001B Bonds. The Series 2002A Bonds are currently outstanding in the aggregate principal amount of \$3,810,000.

8. 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 1999 Bonds, the Series 2001 Bonds, the Series 2001B Bonds, and the Series 2002A Bonds. The Series 2003A Bonds are currently outstanding in the aggregate principal amount of \$17,520,000.

9. The Municipality has previously authorized, sold, and issued its \$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, dated March 1, 2005 (the “**Series 2005A Bonds**”) on a parity with the Series 1999 Bonds, the Series 2001 Bonds, the Series 2001B Bonds, the Series 2002A Bonds, and the Series 2003A Bonds. The Series 2005A Bonds are currently outstanding in the aggregate principal amount of \$2,750,000.

10. The Municipality has previously authorized, sold, and issued its \$15,955,000 Water Utility Mortgage Revenue Bonds, Series 2006A, dated June 15, 2006 (the “**Series 2006A Bonds**”) on a parity with the Series 1999 Bonds, the Series 2001 Bonds, the Series 2001B Bonds, the Series 2002A Bonds, the Series 2003A Bonds, and the Series 2005A Bonds (collectively with the Series 2006A Bonds, the “**Outstanding Bonds**”). The Series 2006A Bonds are currently outstanding in the aggregate principal amount of \$15,130,000.

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. The Municipality is presently in need of funds for the purpose of financing (i) certain additions, extensions, and improvements to the System (collectively, the “**Project**”), and (ii) the current refunding (the “**Refunding**”) of the 2009 through and including 2018 maturities of the Series 1999 Bonds (the “**Refunded Bonds**”).

13. The Governing Body desires to finance the costs of the Project and the Refunding by authorizing, selling, and issuing, pursuant to the provisions of the Act, upon the terms and conditions set forth below, \$27,185,000 in principal amount of Water Utility Revenue Bonds, Series 2007 (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.

14. All conditions required by the 1978 Ordinance and the resolutions pursuant to which the Outstanding Bonds have been issued (the “**Prior Resolutions**”) for the issuance of bonds on a parity with the Series 1978 Bonds and the Outstanding Bonds have been or will be satisfied prior to the issuance of the Bonds.

15. 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.

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

17. 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 prior to or at the beginning of the meeting at which this resolution is being considered.

18. The Governing Body has considered all the bids it received. The best bidder was Harris, N.A. or a group that it leads (the “**Bond Purchaser**”). The Bond Purchaser bid the price of \$27,222,709.15 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>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2009	\$ 940,000	4.000%	2019	\$1,175,000	4.125%
2010	1,115,000	4.000	2020	1,230,000	4.125
2011	1,165,000	4.000	2021	1,280,000	4.250
2012	1,210,000	4.000	2022	1,340,000	4.250
2013	1,260,000	4.000	2023	1,395,000	4.375
2014	1,305,000	4.000	2024	1,460,000	4.500
2015	1,365,000	4.000	2025	1,525,000	4.625
2016	1,415,000	4.000	2026	1,595,000	4.625
2017	1,470,000	4.000	2027	1,670,000	4.750
2018	1,525,000	4.000	2028	1,745,000	4.750

19. The Bond Purchaser’s bid complies with all terms of the Official Terms of Offering.

20. 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.

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

22. The Municipality desires to replace certain provisions of the 1978 Ordinance and the Prior Resolutions that are applicable to the Bonds with new provisions in the sections that are currently set forth on Exhibit B to this resolution, effective as of the first date on which all Outstanding Bonds issued prior to the issuance of the Bonds are no longer outstanding under the 1978 Ordinance and the Prior Resolutions (hereinafter, the “**Effective Date**”). The Municipality intends that, on and after the Effective Date, these new provisions will also apply to any Parity Bonds (as defined below) that are issued after the date of issuance of the Bonds.

23. The Governing Body will adopt this resolution to sell and issue the Bonds and provide for the replacement, as of the Effective Date, of certain provisions of the 1978 Ordinance and the Prior Resolutions.

## 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. After the Effective Date, certain of these terms will have the meanings given in Section 33 (which is currently set forth on Exhibit B to this resolution), and the meanings set forth in Section 33 will either add to the definitions set forth in this section (if the applicable term is not defined in this section) or will replace the meaning set forth in this section (if the applicable term is already defined in this section).

“**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 (i) before the Effective Date, 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, and (ii) on and after the Effective Date, “**Parity Bonds**,” as defined in Section 33 of this resolution (which is currently set forth on Exhibit B to this resolution).

“**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 \$27,185,000 City of Madison, Dane County, Wisconsin Water Utility Revenue Bonds, Series 2007, which will be issued pursuant to this resolution.

“**Bond Purchaser**” means Harris, N.A. 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 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 Bonds electronically.

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

“**Continuing Disclosure Agreement**” means the document or documents that constitute the Municipality’s undertaking to provide continuing disclosure in accordance with the provisions of Rule 15(c)2-12 promulgated by the United States Securities and Exchange Commission.

“**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.

“**Effective Date**” means the first date on which all Outstanding Bonds issued prior to the issuance of the Bonds are no longer outstanding under the 1978 Ordinance and the Prior Resolutions.

“**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 21 of this resolution, or the 1978 Ordinance, for purposes of 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 December 1, 2007.

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

“**Outstanding Bonds**” means the combined reference to the Series 1999 Bonds, the Series 2001 Bonds, the Series 2001B Bonds, the Series 2002A Bonds, the Series 2003A Bonds, the Series 2005A Bonds, and the Series 2006A Bonds.

“**Prior Resolutions**” means the combined reference to the resolutions pursuant to which the Outstanding Bonds were issued.

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

“**Purchase Price**” means \$27,222,709.15.

“**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 January 1, 2008.

“**Refunded Bonds**” means the 2009 through and including 2018 maturities of the Series 1999 Bonds.

“**Refunding**” means the current 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 1999 Bonds**” means the Municipality’s \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 1999, dated December 1, 1999, which are currently outstanding in the aggregate principal amount of \$3,555,000.

“**Series 2001 Bonds**” means the Municipality’s \$5,000,000 Waterworks System Mortgage Revenue Bonds, Series 2001, dated April 1, 2001, which are currently outstanding in the aggregate principal amount of \$3,910,000.

“**Series 2001B Bonds**” means the Municipality’s \$3,305,000 Waterworks System Mortgage Revenue Bonds, Series 2001B, dated December 1, 2001, which are currently outstanding in the aggregate principal amount of \$210,000.

“**Series 2002A Bonds**” means the Municipality’s \$4,500,000 Waterworks System Mortgage Revenue Bonds, Series 2002A, dated May 1, 2002, which are currently outstanding in the aggregate principal amount of \$3,810,000.

“**Series 2003A Bonds**” means the Municipality’s \$19,055,000 Waterworks System Mortgage Revenue Bonds, Series 2003A, dated August 15, 2003, which are currently outstanding in the aggregate principal amount of \$17,520,000.

“**Series 2005A Bonds**” means the Municipality’s \$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, dated March 1, 2005, which are currently outstanding in the aggregate principal amount of \$2,750,000.

“**Series 2006A Bonds**” means the Municipality’s \$15,955,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2006A, dated June 15, 2006, which are currently outstanding in the aggregate principal amount of \$15,130,000.

“**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 18(a) 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.

## **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* — Provisions Applicable to the Bonds and Parity Bonds After the Effective Date.
- □ *Exhibit C* — Notice to Electors of Sale.
- □ *Exhibit D* — Payments Under the Policy/Other Required Provisions.

**Section 3. Purposes of Borrowing; Issuance of Bonds; Refunding.**

The Governing Body authorizes the Bonds and orders that they be prepared, executed, and issued. The Bonds will be fully registered, negotiable, waterworks system revenue bonds of the Municipality in the principal amount of \$27,185,000. The Bonds will be issued under the provisions of the Act to pay the costs of the Project, the Refunding, and the expenses of issuing the Bonds (including, but not limited to, printing costs, fees for underwriting, financial consultants, bond counsel, rating agencies, bond insurance, and registration, as applicable).

The Municipality irrevocably directs that the principal amount of each Refunded Bond be redeemed and paid in full in advance of its stated maturity on the Redemption Date. The appropriate officers of the Municipality are directed to instruct the fiscal agent for the Series 1999 Bonds to take all actions required to call each Refunded Bond for redemption on the Redemption Date, including giving notice in the manner that the governing documents for the Series 1999 Bonds require.

**Section 4. Terms of Bonds.**

The Bonds will be named “City of Madison, Dane County, Wisconsin Water Utility Revenue Bonds, Series 2007.” 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 of \$5,000 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 on each January 1 and July 1 until the principal of the Bonds has been paid, beginning on July 1, 2008. 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:

<u>Principal</u> <u>Maturity Date</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Maturity Date</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2009	\$ 940,000	4.000%	2019	\$1,175,000	4.125%
2010	1,115,000	4.000	2020	1,230,000	4.125
2011	1,165,000	4.000	2021	1,280,000	4.250
2012	1,210,000	4.000	2022	1,340,000	4.250
2013	1,260,000	4.000	2023	1,395,000	4.375
2014	1,305,000	4.000	2024	1,460,000	4.500
2015	1,365,000	4.000	2025	1,525,000	4.625
2016	1,415,000	4.000	2026	1,595,000	4.625
2017	1,470,000	4.000	2027	1,670,000	4.750
2018	1,525,000	4.000	2028	1,745,000	4.750

The principal of and interest on the Bonds 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 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 6. Appointment of Depository.**

The Municipality appoints DTC to act as securities depository for the Bonds. 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 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 8. Redemption.**

The Bonds maturing on and after January 1, 2019 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, 2018 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 9 and 10 hereof.

**Section 9. Payment of Bonds/Transfers/Redemption Notices Under Book-Entry System.**

So long as the Bonds are being maintained in a Book-Entry System, 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 randomly select the beneficial owners of the Bonds to be redeemed.

*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 10. Payment of Bonds/Transfers/Redemption Notices Not Under Book-Entry System.**

If at any time the Bonds are *not* being maintained 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 sent by first class mail, 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 sending a notice by first class mail 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 11. 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 12. 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 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 of its terms.

**Section 14. Payable Solely From Revenues.**

The Bonds and any Additional Parity Bonds, together with interest thereon, shall be payable only out of the Special Redemption Fund as provided 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 of rank 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 Bonds, the Outstanding 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 and shall not constitute a general obligation of the Municipality or a charge against its general credit or taxing power.

**Section 15. Pledge.**

The Municipality pledges the Net Revenues to the Special Redemption Fund to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any Additional 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 Bonds, the Outstanding Bonds, and any Additional Parity Bonds on the dates on which such amounts are due.

**Section 16. 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 Net Revenues and all amounts in the Special Redemption Fund.

**Section 17. No Senior Bonds; Additional Parity Bonds.**

Prior to the Effective Date, 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, and the Municipality may issue Additional Parity Bonds on the terms and conditions set forth in Section 11 of the 1978 Ordinance. After the Effective Date, 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, except as otherwise permitted in Section 37(a) of this resolution (which is currently set forth on Exhibit B to this resolution), and the Municipality may issue Additional Parity Bonds on the terms and conditions set forth in Sections 37(b) and (c) of this resolution (which are currently set forth on Exhibit B to this resolution).

**Section 18. Application of Certain Provisions of the 1978 Ordinance and the Sections Currently Set Forth on Exhibit B to this Resolution.**

**(a) 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. Until the Effective Date, 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 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 Municipality or its Water Utility Board 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 of the 1978 Ordinance shall be binding upon the holders of the Bonds without any amendment of this resolution.

**(b) Application of the Sections Currently Set Forth on Exhibit B to this Resolution.**

On and after the Effective Date, the provisions of Sections 7, 8, 9, 11, 16, 19, and 20 of the 1978 Ordinance shall no longer be applicable to the Bonds and any Parity Bonds, and the provisions of the sections currently set forth on Exhibit B to this resolution shall instead be applicable to the Bonds and any Parity Bonds (and those sections shall be deemed to be set forth in full at the end of this resolution).

**Section 19. Mortgage Lien.**

To ensure that the Bonds are issued on a parity with the Outstanding Bonds, the Municipality grants the registered owners of the Bonds a mortgage lien upon the System; *provided*, that this mortgage lien shall expire on the Effective Date, and on and after the Effective Date the registered owners of the Bonds will no longer have 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. The Municipality recognizes that (a) until the Effective Date, the mortgage liens granted are valid and binding mortgage liens upon the System and any extensions and improvements made to the System, (b) the System will remain subject to each mortgage lien until the earlier of (i) the Effective Date, or (ii) the payment in full of the principal of and interest on the applicable issue of Outstanding Bonds, and (iii) until the Effective Date, 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 20. Resolution a Contract; Remedies of Bondholders.**

The provisions of this resolution constitute a contract between the Municipality and the registered owners of the Bonds. After the issuance of the Bonds no change or alteration in the provisions of this resolution may be made, except (a) as provided in Section 21 of this resolution, (b) as provided in the definition of “Fiscal Year” in Section 1 of this resolution, and (c) until the Effective Date, for a recomputation as provided in Section 8 of the 1978 Ordinance.

The registered owners of any of the Bonds 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 Bonds.

**Section 21. 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 Bonds to make any change that does not adversely affect the registered 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 registered owners of not less than two-thirds in outstanding principal amount of the Bonds (not including any 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:

- (a) The registered owners of the Bonds (not including any 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; modify the terms of payment of principal of or interest on any Bond; or impose any conditions with respect to payment of principal of or interest on any Bond;
  - To materially affect the rights of the owners of less than all Bonds then outstanding; or

- ☐ To reduce the required outstanding principal amount of the Bonds for which consent must be given to effect any future amendments to this resolution; and
- (b) The registered owners of any series of Additional Parity Bonds (not including any Additional Parity Bonds of the series 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 Additional Parity Bond of the series; modify the terms of payment of principal of or interest on any Additional Parity Bond of the series; or impose any conditions with respect to payment of principal of or interest on any Additional Parity Bond of the series;
  - ☐ To materially affect the rights of the owners of less than all Additional Parity Bonds of the series then outstanding; or
  - ☐ To reduce the required outstanding principal amount of Additional Parity 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) mailed by certified mail to all registered owners of the Bonds and, if appropriate, any Additional Parity Bonds, and (ii) filed with the Bond Purchaser. 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, if appropriate, the 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 after the date of the mailing of the Amendment Notice and Consent the Recording Officer receives Consents executed by the registered owners of the Bonds and Additional Parity Bonds owning not less than the required outstanding principal amount 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 of the Bonds and Additional Parity Bonds issued after the Bonds.

Any Consent given by the registered owner of a Bond or 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 registered owners of the same Bond or Additional Parity Bonds during the six-month period. A Consent may be revoked at any time 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 Bonds and Additional Parity 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 22. 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 23. Disposition of Bond Proceeds; Transfers; Bond Insurance.**

**(a) Disposition of sale proceeds of the Bonds.**

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

- (i) All accrued interest must be deposited in the Interest and Principal Account of the Special Redemption Fund.
- (ii) The sum of \$1,553,284.03 must be deposited in the Reserve Account of the Special Redemption Fund.
- (iii) The remaining proceeds from the sale of the Bonds must be deposited by the Financial Officer in a special fund (hereinafter referred to as the “**2007 Water Utility Construction Fund**”) and invested and secured as permitted or required by the laws of the State of Wisconsin. Money in the 2007 Water Utility Construction Fund must be used solely to pay the costs of the Project, the Refunding, and issuing the Bonds, or to pay interest on the Bonds at any time when there shall be insufficient money in the Special Redemption Fund for that purpose. When the Municipality determines that the Project has been completed and that no further proceeds of the Bonds will be applied for the purpose of the Project, moneys in the 2007 Water Utility Construction Fund must be used to make the required monthly transfers into the Interest and Principal Account; *provided, however*, that if, the amounts remaining in the 2007 Water Utility Construction Fund after the determination that the Project has been completed are greater than the amount of principal and interest coming due on the Bonds within one year after the determination, then the Municipality must restrict the yield on the investments made with such excess to a yield not greater than the yield on the Bonds until such excess is expended in accordance with this Section.

(b) **Transfers.**

On or before the Redemption Date, the Financial Officer must transfer the following amounts to the fiscal agent for the Series 1999 Bonds:

- (i) from the Interest and Principal Account, the amounts already deposited in or credited to the Principal and Interest Account for the January 1, 2008 interest and principal payment due on the Series 1999 Bonds, and
- (ii) from the 2007 Water Utility Construction Fund, the funds needed to redeem and retire the Refunded Bonds on the Redemption Date.

(c) **Bond Insurance.**

The appropriate officers of the Issuer are hereby authorized and directed to take all actions necessary to obtain municipal bond insurance with respect to the Bonds from MBIA Insurance Corporation (“**MBIA**”). The Issuer shall send to MBIA the Issuer’s annual financial statements and notice of any refunding or redemption of the Bonds. Further, the Municipal Officers are hereby authorized and directed to agree to such

additional provisions as MBIA may reasonably request and which are acceptable to the Municipal Officers, including provisions regarding restrictions on investment of proceeds of the Bonds, the payment procedure under the municipal bond insurance policy as set forth in Exhibit D hereto, the rights of MBIA in the event of default and payment of the Bonds by MBIA and notices to be given to MBIA. In addition, appropriate reference to the municipal bond insurance policy shall be made in the form of Bond attached hereto as Exhibit A.

**Section 24. Official Statement.**

The Municipality ratifies, authorizes, and approves the distribution of the offering document prepared in connection with the issuance of the Bonds, and the Municipality authorizes and approves 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 25. 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 C. 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 26. 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 27. 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 28. 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 29. Conflict with Prior Acts.**

In case any part of a prior action of the Governing Body conflicts with this resolution, the Municipality rescinds that part of the prior action, except that this section shall not be interpreted as rescinding any part of the 1978 Ordinance or a Prior Resolution before the Effective Date.

**Section 30. 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 31. Resolution Effective upon Adoption and Approval.**

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

**Section 32. Addition of Sections after the Effective Date.**

After the Effective Date, the sections currently set forth on the attached Exhibit B shall be effective and shall be deemed to have been set forth in full at the end of this resolution.

\* \* \* \* \*

Adopted: November 6, 2007

Approved: November \_\_, 2007

\_\_\_\_\_  
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 REVENUE BOND,  
SERIES 2007

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
_____ %	January 1, 20__	December 1, 2007	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 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, 2008. 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 \$27,185,000, 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 Bonds, Series 2001B, dated December 1, 2001; \$4,500,000 Waterworks System Mortgage Revenue Bonds, Series 2002A, dated May 1, 2002; \$19,055,000 Waterworks System Mortgage Revenue Bonds, Series 2003A, dated August 15, 2003; \$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, dated March 1, 2005, and \$15,955,000 Water Utility Mortgage Revenue Bonds, Series 2006A, dated June 15, 2006 (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 several resolutions adopted by the governing body of the Municipality, including a resolution adopted on November 6, 2007 (the "**2007 Resolution**") entitled "A Resolution Authorizing and Providing for the Sale and Issuance of \$27,185,000 Water Utility Revenue Bonds, Series 2007, and All Related Details." Reference is hereby made to the 2007 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, 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 due with respect to the Bonds.

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 and the Outstanding Bonds as the same becomes due.

A mortgage lien, which is hereby recognized as valid and binding on the Municipality's waterworks system (the "**System**"), which is owned and operated through the Municipality's water utility, 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 earlier of (a) the first date on which all Outstanding Bonds issued prior to the issuance of the Bonds are no longer outstanding under the 1978 Ordinance and the resolutions pursuant to which the applicable Outstanding Obligations were issued, or (b) 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 their initial delivery, the Bonds will be maintained in 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 (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 Bonds electronically (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 at any time the Bonds are *not* being maintained 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, 2019 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, 2018 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.

So long as the Bonds are being maintained in a Book-Entry System, 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 randomly select the beneficial owners of the Bonds to be redeemed.
- ☐ *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 at any time the Bonds are *not* being maintained 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 sent by first class mail, 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 sending a notice by first class mail, 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; 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 December 1, 2007.

CITY OF MADISON, DANE COUNTY, WISCONSIN

By: \_\_\_\_\_  
Mayor

[SEAL]

And: \_\_\_\_\_  
Clerk

Certificate of Authentication:

Dated: December \_\_, 2007

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

U.S. BANK NATIONAL ASSOCIATION,  
as Fiscal Agent

\_\_\_\_\_  
Authorized Signatory

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the “**Insurer**”) has issued a policy containing the following provisions, such policy being on file at the office of U.S. Bank National Association, located in Milwaukee, Wisconsin.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to U.S. Bank National Association, located in Milwaukee, Wisconsin or its successor (the “**Paying Agent**”) of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment, if applicable) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, if applicable, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the “**Insured Amounts.**” “**Obligations**” shall mean:

\$27,185,000

City of Madison, Dane County, Wisconsin  
Water Utility Revenue Bonds, Series 2007

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term “**owner**” shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

**MBIA Insurance Corporation**

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]

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(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

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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.

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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.

December \_\_, 2007

Subject: \$27,185,000  
City of Madison, Dane County, Wisconsin  
Water Utility Revenue Bonds, Series 2007

We have acted as bond counsel in connection with the issuance by the City of Madison, Dane County, Wisconsin (the “**Municipality**”) of its \$27,185,000 Water Utility Revenue Bonds, Series 2007, dated December 1, 2007 (the “**Bonds**”). The Bonds were issued pursuant to a resolution adopted by the Common Council of the Municipality on November 6, 2007 (the “**Resolution**”).

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 a special redemption fund established by the Municipality and the revenues pledged to such fund. 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 Bonds, Series 2001B, dated December 1, 2001; the Municipality’s \$4,500,000 Waterworks System Mortgage Revenue Bonds, Series 2002A, dated May 1, 2002; the Municipality’s \$19,055,000 Waterworks System Mortgage Revenue Bonds, Series 2003A, dated August 15, 2003; the Municipality’s \$3,630,000 Water Utility Mortgage Revenue Refunding Bonds, Series 2005A, dated March 1, 2005; and the Municipality’s \$15,955,000 Water Utility Mortgage Revenue Bonds, Series 2006A, dated June 15, 2006 (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. Under circumstances and subject to conditions stated in the Resolution, additional bonds and notes may later be issued on a parity with the Bonds and the Outstanding Bonds (any such bonds or notes being hereinafter referred to as “**Parity Bonds**”).

3. The Municipality has pledged a portion of the revenues of the Municipality’s waterworks system (the “**System**”) to the payment of the Bonds, the Outstanding Bonds, and any Parity Bonds. In addition, the Municipality has pledged certain funds and

accounts created or continued under the Resolution to the payment of the Bonds, the Outstanding Bonds, and Parity 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

### PROVISIONS APPLICABLE TO THE BONDS AND PARITY BONDS AFTER THE EFFECTIVE DATE

(AFTER THE EFFECTIVE DATE, THESE SECTIONS SHALL BE DEEMED  
TO BE SET FORTH IN FULL AT THE END OF THE RESOLUTION)

#### **Section 33. Revised Definitions.**

After the Effective Date, the following terms will have the meanings given in this section, unless the context clearly requires another meaning. These definitions add to or replace, as applicable, the definitions set forth in Section 1 of this resolution.

“**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.

“**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 21 of this resolution.

“**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 Bonds 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 Bonds and Parity Bonds then outstanding, (ii) 10% of the sum of the original stated principal amounts of the Bonds and each issue of Parity Bonds then outstanding, or (iii) 125% of the average annual debt service on the Bonds and Parity Bonds then outstanding.

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

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

“**Parity Bonds**” means all other obligations payable from the revenues of the System other than the Bonds, but which are on a parity and equality or rank with the Bonds.

“**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 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 34. Funds and Accounts.**

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

The Municipality creates, continues, or renames, as applicable, the following funds and accounts of the System (collectively, the “**Funds and Accounts**”) to provide for the collection, distribution, and use of the Gross Revenues:

- (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 35(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 interest on and principal of the Bonds and Parity Bonds as provided in this resolution. Amounts held in the Reserve Account will be used to pay principal of or interest on the Bonds or any Parity Bonds at any time 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 35(c)(4) of this resolution.

(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:

- ☐ 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.
- ☐ No investment may be purchased or retained if the purchase of the investment or its retention would cause any Bond to be an “arbitrage bond” (within the meaning of Section 148 of the Code or the Treasury Regulations promulgated thereunder).
- ☐ 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 any construction fund funded with proceeds of the Bonds or any issue of Parity Bonds must be retained in the construction fund. All income from the investment of amounts in the Depreciation Fund must be deposited 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.

**(f) Rebate Matters.**

To comply with the rebate requirements of Section 148(f) of the Code and the related Treasury Regulations:

- (i) The Municipality must cause a determination to be made of the amount, if any, of rebate required to be paid with respect to the Bonds and any Parity Bonds to the United States Treasury at least every five years (as of the anniversary date of the issuance of the Bonds and any Parity Bonds) and upon the retirement of the last Bond. The Municipality may engage Bond Counsel or another qualified rebate determination provider to prepare the determination and may pay reasonable compensation to the provider for the performance of such services.
  - (ii) The Municipality must make required rebate payments to the United States Treasury with respect to the Bonds and any Parity Bonds at such times and in such amounts and manner as are required by the Code and the related Treasury Regulations.
  - (iii) The Municipality must keep records of the rebate determinations prepared and rebate payments made until six years after the retirement of the last Bond or Parity Bond, as applicable.
- (g) Transfer of Amounts in Existing Funds and Accounts on the Effective Date.**

On the Effective Date, all amounts held in the funds and accounts established or continued under the 1978 Ordinance or a Prior Resolution must be transferred to the corresponding funds and accounts created, continued, or renamed under this resolution.

**Section 35. Application of Revenues.**

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

Until all Bonds and Parity Bonds, if any, 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 outstanding Bonds and Parity Bonds, if any, 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, at such times 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 to (i) pay the interest on the Bonds and any Parity Bonds as the same becomes due, (ii) retire the Bonds and any Parity Bonds at maturity, and (iii) 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 34(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 ninety (90) days, in which case the excess amount must (i) be transferred to the Special Redemption Fund to remedy any deficiency in the Special Redemption Fund, or (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 Bonds and Parity Bonds then outstanding, plus an amount equal to one-twelfth (1/12) of the next installment of principal of the Bonds and 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 Bonds 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 Bonds 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 Bonds or Parity Bonds in advance of maturity by redemption or by purchase of such 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 bonds could be redeemed on the next succeeding redemption date or (ii) be invested so as to restrict the yield thereon to avoid the Bonds or Parity 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 Bonds or the applicable issue of Parity 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 the Bonds or any issue of Parity Bonds may only be deposited in the Interest and Principal Account if such moneys will be used to pay interest on or principal of the issue to which such proceeds are allocable, and (B) no moneys that are allocable to proceeds of the Bonds or any issue of Parity Bonds may be used to pay interest on or principal of 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 Bonds 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 Bonds 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 Bonds or Parity Bonds in advance of maturity by redemption or by purchase of such bonds on the open market or an invitation and receipt of tenders at the lowest dollar price or prices obtainable, but not exceeding the lowest price at which such bonds could be redeemed on the next succeeding redemption date; or
  - (i) to rebate payments made by customers of the System pursuant to any plan adopted by the Governing Body of the Municipality; or
  - (i) 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 36. Agreements and Covenants Regarding the Operation of the System.**

The Municipality agrees and covenants with each and every registered owner of the Bonds and Parity 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 Bonds and Parity Bonds have been paid in full, both principal and interest, or until provision has been made for the payment in full of all Bonds and Parity Bonds, both principal and interest, unless the property to be sold, leased or otherwise disposed of has been found by the Governing Body not 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 was acquired or improved with proceeds of the Bonds or any Parity 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 interest and principal requirements on all Bonds 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 Bonds or Parity Bonds the latest balance sheet and the profit and loss statement of the System as certified by such accountants. The registered owners of any Bonds or Parity 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 as herein defined 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 Bonds 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 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 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 Bonds or Parity 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.
- (j) The Municipality will comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds or Parity Bonds that were issued with the intent that interest on the issue would be excluded from gross income for federal income tax purposes in order that interest

thereon be (or continue to be) excluded from gross income for federal income tax purposes, including, but not limited to the rebate requirements set forth in the Code and the Treasury Regulations. The Municipality will comply with the provisions of the Tax Certificate delivered in connection with the issuance of the Bonds relating to these requirements.

**Section 37. 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 Bonds, except as provided in this Section:

- (a) Notes (including bond anticipation notes) or bonds may be issued having a priority over the Bonds 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 Bonds 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 of the Bonds and Parity Bonds in the manner provided in Section 38 of this resolution.
- (b) Additional notes (including bond anticipation notes) or bonds may be issued on a parity with the Bonds and Parity Bonds if such notes or bonds are issued for the purpose of refunding any of the Bonds 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 Bonds and Parity Bonds if all of the following conditions have been satisfied:
  - (1) If (A) the Net Revenues for the last completed Fiscal Year were at least 1.25 times the highest combined annual interest and principal 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 in which there will be a principal maturity on such outstanding bonds or notes; 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 equal to 1.25 times the highest combined annual interest and principal 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 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 Bonds or Parity Bonds and, after giving effect to the refunding, the payments due in each year of the interest and principal on the Bonds 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 interest and principal on the Bonds 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 36(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 34 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 Bonds 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 38. Discharge and Satisfaction of Bonds 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 Bonds in any one or more of the following ways:

- (a) By paying the Bonds 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 Bonds funds in the amount necessary, without consideration of any reinvestment thereof, to pay the principal of and interest on the Bonds until their maturity or earlier redemption; *provided* that if the Bonds are to be redeemed prior to their stated maturities, then (i) the Bonds must have been irrevocably called for redemption by the Governing Body, and (ii) provision must have been made for the required notice of the redemption in the manner provided in this resolution; *provided further*; that any such deposit can only be made if the deposit will not adversely affect the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes; 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 or redeem (when redeemable) the Bonds at or before their respective maturity dates; *provided*, that if a Bond is to be redeemed prior to its stated maturity date, then (i) the Bond must have been irrevocably called for redemption by the Governing Body, and (ii) provision must have been made for the required notice of the redemption in the manner provided in this resolution; *provided, further*, that any such deposit can only be made if the deposit will not adversely affect the exclusion of interest on the

Bonds from gross income of the owners thereof for federal income tax purposes.

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 Bonds will cease, determine, and be completely discharged, and the registered owners of any Bonds that are not then retired will be entitled only to payment out of the money and investments deposited as required by this section.

**EXHIBIT C**

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

On November 6, 2007, 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 revenue bonds in the face amount of \$27,185,000. It is anticipated that the closing of this bond sale will be held on or about December 6, 2007. 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: November \_\_, 2007

/s/ Maribeth Witzel-Behl  
City Clerk

## PAYMENTS UNDER THE POLICY/OTHER REQUIRED PROVISIONS

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent/Trustee has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent/Trustee shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent/Trustee shall so notify the Insurer or its designee.

C. In addition, if the Paying Agent/Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligation to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent/Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Paying Agent/Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent/Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the “**Insurance Paying Agent/Trustee**”), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent/Trustee) in accordance with the tenor of the Policy payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent/Trustee shall (a) execute and deliver to the Insurance Paying Agent/Trustee in form satisfactory to the Insurance Paying Agent/Trustee an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Obligation surrendered to the Insurance Paying Agent/Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent/Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent/Trustee is received), (b) receive as designee of the respective Holders (and not as Paying Agent/Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent/Trustee, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent/Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligation and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent/Trustee hereby agree for the benefit of the Insurer that:

1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent/Trustee), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Resolution and the Obligations; and

2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Obligation, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Obligations.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Obligations which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

I. The Insurer shall receive notice of the resignation or removal of the Paying Agent/Trustee and the appointment of a successor thereto.

J. The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

Notices: Any notice that is required to be given to a holder of the Obligation or to the Paying Agent/Trustee pursuant to the Resolution shall also be provided to the Insurer. All notices required to be given to the Insurer under the Resolution shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

K. The Issuer/Obligor agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the Issuer's/Obligor's obligations, or the preservation or defense of any rights of the Insurer, under this Resolution and any other document executed in connection with the issuance of the Obligations, and (ii) any consent, amendment, waiver, or other action with respect to the Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment, or waiver, whether or not granted or approved.

L. The Issuer/Obligor agrees not to use MBIA's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent; provided however, such prohibition on the use of the Insurer's name shall not relate to the use of the Insurer's standard approved form of disclosure in public documents issued in connection with the current Obligations to be issued in accordance with the terms of the Commitment; and provided further such prohibition shall not apply to the use of the Insurer's name in order to comply with public notice, public meeting or public reporting requirements

M. The Issuer/Obligor shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose (other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of MBIA).

## CERTIFICATIONS BY CLERK

I, Maribeth Witzel-Behl, 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  
\$27,185,000 Water Utility Revenue Bonds, Series 2007,  
and All Related Details**

I do hereby further certify as follows:

1. **Meeting Date.** On November 6, 2007 a meeting of the Governing Body was held commencing at \_\_\_\_ p.m.
2. **Posting.** On November \_\_, 2007 (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 November \_\_, 2007 (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 November \_\_, 2007, 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 C to Resolution.** I have caused Exhibit C 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 November, 2007.

[Seal]

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Clerk