

**\*\*\*ATTACHMENTS\*\*\***

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Res. No. 155 - 15 - 16. By Alderperson Hammond. March 7, 2016.

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 100-05-06; AWARDING THE SALE OF \$2,125,000 WATER UTILITY REVENUE REFUNDING BONDS, SERIES 2016 AND PROVIDING FOR THE PAYMENT OF SAID BONDS AND OTHER DETAILS AND COVENANTS WITH RESPECT THERETO.

WHEREAS, the City of Sheboygan, Sheboygan County, Wisconsin (the "Municipality") owns and operates a municipal water utility which is operated for a public purpose as a public utility (within the meaning of Section 66.0621(1)(b) of the Wisconsin Statutes) by the Municipality (hereinafter, the Municipality's water utility shall be referred to as the "System");

WHEREAS, under the provisions of Section 66.0621 of the Wisconsin Statutes (the "Act") any municipality may, by action of its governing body, provide for purchasing, acquiring, leasing, constructing, extending, adding to, improving (including renewing and replacing), conducting, controlling, operating and managing a public utility ("Utility Projects") and for refunding obligations issued to finance such Utility Projects, from the proceeds of bonds, which bonds are to be payable only from the revenues received from any source by such utility, including all rentals and fees (the "Revenue Bonds");

WHEREAS, the Municipality has heretofore issued its Water System Revenue Bonds, Series 2004, dated March 10, 2004 (the "2004 Safe Drinking Water Bonds") pursuant to Resolution No. 262-03-04 adopted by the Governing Body of the Municipality on February 16, 2004 (the "2004 Safe Drinking Water Bond Resolution");

WHEREAS, pursuant to Resolution No. 100-05-06 adopted by the Common Council of the Municipality (the "Governing Body") on August 15, 2005 (the "Bond Resolution"), the Municipality has heretofore issued and has outstanding its Water Utility Revenue Bonds, Series 2005, dated September 1, 2005 (the "2005 Bonds"), which 2005 Bonds were issued on a parity with the 2004 Safe Drinking Water Bonds (except as to the pledge of the Reserve Account, defined below);

WHEREAS, pursuant to Resolution No. 289-06-07 adopted by the Governing Body on April 4, 2007 (the "2007 Resolution"), the Municipality has heretofore issued and has outstanding its Water Utility Revenue Bonds, Series 2007, dated April 15, 2007 (the "2007 Bonds"), which 2007 Bonds were issued on a parity with the 2005 Bonds, and on a parity with the 2004 Safe Drinking Water Bonds (except as to the pledge of the Reserve Account, defined below);

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WHEREAS, pursuant to Resolution No. 167-12-13 adopted by the Governing Body on April 3, 2013 (the "2013 Resolution"), the Municipality has heretofore issued and has outstanding its Water Utility Revenue Bonds, Series 2013, dated May 1, 2013 (the "2013 Bonds"), (the 2007 Bonds and the 2013 Bonds shall be collectively referred to herein as the "Prior Bonds"), which 2013 Bonds were issued on a parity with the 2005 Bonds and the 2007 Bonds and on a parity with the 2004 Safe Drinking Water Bonds (except as to the pledge of the Reserve Account, defined below);

WHEREAS, the Municipality has also heretofore issued its Water Utility Revenue Bonds, Series 2015, dated May 13, 2015 (the "2015 Safe Drinking Water Bonds"), pursuant to Resolution No. 193-14-15 adopted by the Governing Body of the Municipality on April 20, 2015 (the "2015 Safe Drinking Water Bond Resolution") on a parity with the 2004 Safe Drinking Water Bonds and on a parity with the 2005 Bonds, 2007 Bonds and 2013 Bonds (except as to the pledge of the Reserve Account (defined below)) (the "2004 Safe Drinking Water Bonds" and the "2015 Safe Drinking Water Bonds" shall be collectively referred to herein as the "Safe Drinking Water Bonds" and the "2004 Safe Drinking Water Bond Resolution" and the "2015 Safe Drinking Water Bond Resolution" shall be collectively referred to herein as the "Safe Drinking Water Bond Resolutions").

WHEREAS, Section 11 of the Safe Drinking Water Bonds Resolutions and Section 9 of the Bond Resolution provide that additional bonds may be issued on a parity with the Safe Drinking Water Bonds and the Prior Bonds upon compliance with certain conditions;

WHEREAS, to the best of the Governing Body's knowledge, information and belief, and in reliance upon the Certificate attached hereto as Exhibit A and incorporated herein by this reference, the Municipality complies with the conditions precedent to the issuance of additional bonds on a parity with the Safe Drinking Water Bonds and the Prior Bonds;

WHEREAS, pursuant to a Resolution adopted by the Governing Body on February 15, 2016 (the "Set Sale Resolution"), the Governing Body has authorized additional water utility revenue bonds designated "Water Utility Revenue Refunding Bonds, Series 2016" (the "Bonds") for the purpose of refunding the 2017 through 2025 maturities of the 2005 Bonds (the "Refunded Obligations") (hereinafter, the refunding of the Refunded Obligations shall be referred to as the "Refunding");

WHEREAS, for the purpose of paying the cost of the Refunding (including paying legal, financing, engineering and other professional fees in connection therewith and adding funds to the Reserve Account created by the Bond Resolution, if necessary), the Governing Body deems it to be necessary, desirable and in the best interest of the Municipality to authorize and sell Revenue Bonds of the Municipality payable solely from the revenues of the System, which Revenue Bonds are to be authorized and issued pursuant to the provisions of the Act on a parity with the Prior Bonds, and on a parity with the Safe Drinking Water Bonds (except as to

the pledge of the Reserve Account, defined below), which Revenue Bonds are to be authorized and issued pursuant to the provisions of Section 66.0621, Wisconsin Statutes and the Bond Resolution, as amended, and to supplement the Bond Resolution to provide for such issuance and sale of additional Revenue Bonds to pay the cost of the Refunding;

WHEREAS, the City intends to defease the 2016 maturity of the 2005 Bonds with System funds on hand contemporaneously with the issuance of the Bonds;

WHEREAS, other than the 2005 Bonds, the Safe Drinking Water Bonds and the Prior Bonds, no bonds or obligations payable from the revenues of the System are now outstanding;

WHEREAS, the Bonds herein authorized shall be Parity Bonds within the meaning of the Safe Drinking Water Bond Resolutions and the Bond Resolution;

WHEREAS, the Municipality has adopted the Set Sale Resolution directing its financial advisor, Wisconsin Public Finance Professionals, LLC, Milwaukee, Wisconsin (the "Financial Advisor"), to prepare and circulate an Official Notice of Sale (a copy of which is attached hereto as Exhibit B and incorporated herein by this reference) to potential bidders offering the Bonds for public sale on March 21, 2016;

WHEREAS, the City Clerk (in consultation with the Financial Advisor) caused a form of notice of the sale to be published and/or announced and caused the Official Notice of Sale to be distributed to potential bidders offering the Bonds for public sale on March 21, 2016;

WHEREAS, the Municipality has duly received bids for the Bonds as described on the Bid Tabulation attached hereto as Exhibit C and incorporated herein by this reference (the "Bid Tabulation"); and

WHEREAS, it has been determined that the bid proposal (the "Proposal") submitted by the financial institution listed first on the Bid Tabulation fully complies with the bid requirements set forth in the Official Notice of Sale and is deemed to be the most advantageous to the Municipality. The Financial Advisor has recommended that the Municipality accept the Proposal. A copy of said Proposal submitted by such institution (the "Purchaser") is attached hereto as Exhibit D and incorporated herein by this reference.

NOW, THEREFORE, the Governing Body of the City of Sheboygan, Sheboygan County, Wisconsin, do resolve that:

Section 1A. Ratification of the Official Notice of Sale and Offering Materials. The Governing Body of the Municipality hereby ratifies and approves the details of the Bonds set forth in Exhibit B attached hereto as and for the details of the Bonds. The Official Notice of Sale and any other offering materials prepared and circulated by the Financial Advisor are hereby ratified and approved in all respects. All actions taken by officers of the Municipality and the Financial Advisor in connection with

the preparation and distribution of the Official Notice of Sale and any other offering materials are hereby ratified and approved in all respects.

Section 1B. Definitions. The definitions in the Bond Resolution, as supplemented by the 2007 Resolution and 2013 Resolution, apply to and are incorporated into this Resolution except as expressly amended below or unless the context expressly or by necessary implication requires otherwise. References in the Bond Resolution, as supplemented by the 2007 Resolution and 2013 Resolution, to "Bonds," "Parity Bonds" and "Additional Bonds" shall apply to the Bonds being issued pursuant to this Resolution unless otherwise provided herein. All references to specific sections in the Bond Resolution, as supplemented by the 2007 Resolution and 2013 Resolution, also apply to the Bonds being issued pursuant to this Resolution unless otherwise provided herein.

Section 1C. Restated, Additional and/or Amended Definitions. In addition to and/or in amendment of the terms defined above or in Section 1 above, the following terms shall have the following meanings in this Resolution unless the text expressly or by implication requires otherwise:

"Bond Registrar" means the City Clerk of the Municipality or such other bond registrar appointed by the Governing Body of the Municipality;

"Bond Resolution" means Resolution No. 100-05-06 adopted by the Governing Body on August 15, 2005;

"Bonds" means the Water Utility Revenue Refunding Bonds, Series 2016 of the Municipality dated April 20, 2016, authorized to be issued by this Resolution;

"DTC" or "Depository" means The Depository Trust Company, New York, New York or its nominee or successor which shall act as securities depository for the Bonds;

"Paying Agent" means the City Clerk of the Municipality;

"Prior Bonds" means the outstanding 2007 Bonds and 2013 Bonds, collectively;

"Purchaser" means the financial institution listed first on the attached Bid Tabulation;

"Reserve Requirement" means an amount equal to the least of (a) the Reserve Requirement prior to the issuance of the Bonds, plus 10% of the principal amount of the Bonds, (b) the maximum amount of principal and interest due on the outstanding Prior Bonds and the Bonds in any Bond Year and (c) 100% of average annual debt service on the outstanding Prior Bonds and the Bonds. The Reserve Requirement shall be maintained in the Reserve Account of the Special Redemption Fund created by the Bond Resolution either in cash or legal investments or in a Revenue Support Facility or in a combination thereof. If Parity Bonds are issued, the Reserve Requirement shall be an amount equal to the least of (i) the amount

required to be on deposit in the Reserve Account prior to issuance of said Parity Bonds, plus 10% of the principal amount of said Parity Bonds, (ii) the maximum amount of principal and interest due on the outstanding Prior Bonds, the Bonds and the Parity Bonds in any Bond Year or (iii) 100% of average annual debt service on the outstanding Prior Bonds, the Bonds and the Parity Bonds; provided, however, that for purposes of this definition, the maximum amount of principal and interest shall be computed with respect to any Variable Rate Bonds by using the Assumed Long-Term Fixed Rate applicable thereto and provided further that the calculations set forth above shall not take into consideration any Safe Drinking Water Bonds nor shall any amounts in the Reserve Account be pledged to any Safe Drinking Water Bonds;

"Safe Drinking Water Bonds" means the 2004 Safe Drinking Water Bonds and the 2015 Safe Drinking Water Bonds, collectively, and any other Parity Bonds issued in the future to the State of Wisconsin Safe Drinking Water Loan Program;

"2004 Safe Drinking Water Bonds" means the Water System Revenue Bonds, Series 2004, dated March 10, 2004 issued to the State of Wisconsin Safe Drinking Water Loan Program;

"2004 Safe Drinking Water Bonds Resolution" means Resolution No. 262-03-04 adopted by the Governing Body of the Municipality on February 16, 2004;

"2005 Bonds" means the Water Utility Revenue Bonds, Series 2005, dated September 1, 2005;

"2007 Bonds" means the Water Utility Revenue Bonds, Series 2007, dated April 15, 2007;

"2007 Resolution" means Resolution No. 289-06-07 adopted by the Governing Body on April 4, 2007.

"2013 Bonds" means the Water Utility Revenue Bonds, Series 2013, dated May 1, 2013;

"2013 Resolution" means Resolution No. 167-12-13 adopted by the Governing Body on April 3, 2013;

"2015 Safe Drinking Water Bonds" means the Water System Revenue Bonds, Series 2015, dated May 13, 2015 issued to the State of Wisconsin Safe Drinking Water Loan Program; and

"2015 Safe Drinking Water Bond Resolution" means Resolution No. 193-14-15 adopted by the Governing Body of the Municipality on April 20, 2015.

Section 2. Award of the Bonds. The Proposal of the Purchaser, offering to purchase the \$2,125,000 City of Sheboygan Water Utility Revenue Refunding Bonds, Series 2016 (the "Bonds") for the sum set forth on the Proposal, plus accrued interest to the date of delivery, resulting in a true interest cost as set forth on the Proposal, is hereby accepted.

Section 3. Terms of the Bonds. The Bonds shall be designated "Water Utility Revenue Refunding Bonds, Series 2016"; shall be dated April 20, 2016; shall be in the denomination of \$5,000 or any integral multiple thereof; and shall be numbered 1 and upward. The Bonds shall bear interest at the rates per annum set forth in the Proposal and shall mature on May 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit E-1 and incorporated herein by this reference.

Interest on the Bonds shall be payable on May 1 and November 1 of each year, commencing November 1, 2016. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

The schedule of principal and interest payments due on the Bonds is set forth on the Debt Service Schedule attached hereto as Exhibit E-2 and incorporated herein by this reference (the "Schedule").

It is hereby determined and declared that the Schedule is such that the requirement each year to pay both the principal of and interest on the Bonds is reasonable in accordance with prudent municipal utility management practices.

Section 3A. Call Provisions. At the option of the Municipality, the Bonds maturing on May 1, 2024 and thereafter shall be subject to redemption prior to maturity on May 1, 2023 or on any date thereafter. Said Bonds shall be redeemable as a whole or in part, and if in part, from maturities selected by the Municipality and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Section 4. Parity with the Prior Bonds and Safe Drinking Water Bonds. The Bonds shall be Additional Bonds within the meaning of Section 11 of the Safe Drinking Water Bond Resolutions and Section 9 of the Bond Resolution; are issued on a parity with the Safe Drinking Water Bonds and Prior Bonds and are secured by an equal lien and claim to the revenues and properties of the System and the monies on deposit in the Special Redemption Fund as set forth in the Bond Resolution, as supplemented by the 2007 Resolution, 2013 Resolution, and this Resolution, except that no amount in the Reserve Account shall be pledged to the Safe Drinking Water Bonds.

Section 5. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit F and incorporated herein by this reference.

Section 5A. Persons Treated as Owners; Transfer of Bonds; Record Date. The Municipality shall keep books for the registration and for the transfer of the Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof. All such payments shall be valid and

effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the City Clerk, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the City Clerk shall record the name of each transferee in the registration book. No registration shall be made to bearer. The City Clerk shall cancel any Bond surrendered for transfer.

The Municipality shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Bond or Bonds necessary to effect any such transfer.

The fifteenth day of each calendar month next preceding each interest payment date shall be the record date for the Bonds. Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the Municipality at the close of business on the corresponding record date.

Section 6. Security for the Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the Municipality nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Special Redemption Fund heretofore created and established and hereby continued and amended, and shall be a valid claim of any holder thereof only against said Special Redemption Fund and the revenues of the System pledged to such fund on a parity with the Safe Drinking Water Bonds and the Prior Bonds, except that no amount in the Reserve Account shall be pledged to the Safe Drinking Water Bonds. Sufficient revenues are hereby pledged to said Special Redemption Fund, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Safe Drinking Water Bonds, the Prior Bonds, the Bonds and any other Parity Bonds as the same becomes due. It is the express intent and determination of the Governing Body that the amounts transferred from the Revenue Fund (defined below) and deposited in the Special Redemption Fund (defined below) shall be sufficient in any event to pay the interest on the Safe Drinking Water Bonds, the Prior Bonds, the Bonds and any other Parity Bonds as the same accrues and the principal amount thereof as the same matures, and to provide any amounts required to be paid monthly into the Reserve Account (defined below) to maintain the Reserve Requirement.

Section 7. Funds and Accounts. In accordance with the Act, for the purpose of the application and proper allocation of the revenues of the System, and to secure the payment of the principal of and interest on the Safe Drinking Water Bonds, the Prior Bonds, the Bonds and any other Parity Bonds, certain funds of the System which were created or continued

pursuant to Section 6 of the Bond Resolution, as amended by the 2007 Resolution and 2013 Resolution, are hereby continued and shall be used solely for the purposes set forth in the Bond Resolution, as amended by the 2007 Resolution and 2013 Resolution and this Resolution:

Subparagraph (c) of Section 6 of the Bond Resolution is hereby amended and supplemented by this Resolution to read as follows:

"(c) Water Utility Special Redemption Fund (the "Special Redemption Fund"), which shall be divided into two separate accounts to be known as the "Interest and Principal Account" and the "Reserve Account".

(i) There shall be deposited in the Interest and Principal Account from proceeds of the Prior Bonds, the Bond Proceeds and any Parity Bond proceeds all accrued interest. In addition, there shall be deposited in said account in the manner specified in Section 7 of the Bond Resolution, an amount sufficient (after giving effect to available amounts in said account from accrued interest, investment earnings and any other source) to pay the principal of and interest on the Safe Drinking Water Bonds, the Prior Bonds, the Bonds and any other Parity Bonds as the same becomes due. The Interest and Principal Account shall be used solely for the purposes of paying principal of and interest on the Safe Drinking Water Bonds, the Prior Bonds, the Bonds and any other Parity Bonds in accordance with the provisions of the Bond Resolution, as amended by the 2007 Resolution and 2013 Resolution, and this Resolution.

The minimum amounts to be so deposited in the Interest and Principal Account for debt service on the Bonds are set forth on Exhibit E-2 and incorporated herein by this reference.

(ii) There heretofore has been deposited into the Reserve Account an amount equal to the Reserve Requirement prior to the issuance of the Bonds. Upon the issuance of the Bonds, there shall be deposited into the Reserve Account an amount necessary to make the amount on deposit in the Reserve Account equal to the Reserve Requirement or a surety bond equal to that amount. The Reserve Account shall be used solely for the purpose of paying principal of or interest on the Prior Bonds, the Bonds or any other Parity Bonds other than the Safe Drinking Water Bonds at any time when there shall be insufficient money in the Interest and Principal Account. Amounts so applied shall be derived first from cash or legal investments on credit to the Reserve Account, and second from draws or demands on Revenue Support Facilities held as a part thereof, such draws or demands to be made *pro rata* among all such Revenue Support Facilities based on the respective available amounts thereunder and upon the terms and conditions set forth in such Revenue Support Facilities. The Reserve Account shall be funded and replenished in the manner specified in Section 7 of the Bond Resolution. At no time shall any amounts in the Reserve Account be pledged to or used for the payment of the Safe Drinking Water Bonds."

Section 8. Application of Revenues. After the delivery of the Prior Bonds, the entire gross earnings of the System have been and will continue to be deposited as collected in the Revenue Fund and shall be transferred monthly to the funds listed in the Bond Resolution, as amended and supplemented by the 2007 Resolution and 2013 Resolution, and this Resolution in the amounts, the order of priority and in the manner set forth in the Bond Resolution, as amended and supplemented by the 2007 Resolution and 2013 Resolution and this Resolution.

Section 9. Service to the Municipality. Section 8 of the Bond Resolution is hereby amended to provide that the reasonable cost and value of the service to the Municipality in each year shall be in an amount which, together with the other revenues of the System, will produce in each Bond Year Net Revenues equivalent to not less than the annual principal and interest requirements on the Safe Drinking Water Bonds, the Prior Bonds, the Bonds, any other Parity Bonds, and any other Revenue Bonds payable from the revenues of the System then outstanding times the greater of (i) 110%, or (ii) the highest debt service coverage ratio required with respect to any Revenue Bonds payable from the revenues of the System then outstanding. All other provisions of Section 8 of the Bond Resolution still apply and are incorporated into this Section 9.

Section 10. Sale of Bonds. The bid of the Purchaser for the purchase price set forth in the Proposal be and it hereby is accepted and the Mayor and City Clerk are authorized and directed to execute an acceptance of the offer of said successful bidder on behalf of the Municipality. The good faith deposit of the Purchaser shall be retained by the Municipality and applied in accordance with the Official Notice of Sale, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned. The officers of the Municipality are authorized and directed to do any and all acts necessary to conclude delivery of the Bonds to the Purchaser, upon receipt of the purchase price, as soon after adoption of this Resolution as is convenient.

Section 11. Application of Bond Proceeds and Certain Funds of the Municipality. The Bond Proceeds (including any accrued interest from their date to the date of delivery) shall be deposited and applied as follows:

(a) to the Interest and Principal Account of the Special Redemption Fund, the amount of any accrued interest received from the sale of the Bonds;

(b) to the Reserve Account of the Special Redemption Fund, any amount necessary to make the amount on deposit in the Reserve Account equal to the Reserve Requirement; and

(c) to the Refunding Fund, a special borrowed money fund hereby created and established, and which shall be considered to be a part of the Interest and Principal Account, the balance of the Bond Proceeds including any premium sufficient to provide for the cost of the Refunding. Said Refunding Fund shall be adequately secured and used solely to pay the cost of the Refunding. Any balance remaining in said Refunding Fund after paying the costs of the Refunding shall be transferred to the Interest and Principal Account of the Special Redemption Fund and used to pay the principal and interest on the Safe Drinking Water Bonds, the Prior Bonds, the Bonds and any Parity Bonds.

Funds of the Municipality on hand in an amount sufficient to pay the May 1, 2016 principal and interest payment due on the 2005 Bonds shall be deposited with the City Clerk as Bond Registrar for the 2005 Bonds on or prior to the date of Closing on the Bonds.

Upon issuance of the Bonds, any amounts on deposit in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Refunding Fund to be used for the purposes thereof.

Section 12. Arbitrage Covenant. The Municipality shall not take any action with respect to proceeds of the Bonds or any Parity Bonds (the "Bond Proceeds") which, if said action had been reasonably expected to have been taken, or had been deliberately and intentionally taken on the date of delivery of said payment for the Bonds (the "Closing") would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

The Bond Proceeds may be temporarily invested in legal investments until needed, provided however, that the Municipality hereby covenants and agrees that so long as the Bonds remain outstanding, moneys on deposit in any fund or account created or maintained in connection with the Bonds, whether such moneys were derived from Bond Proceeds or from any other source, will not be used or invested in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code or Regulations. The Municipality covenants that it will not invest in any obligation if such investment would violate the "prohibited payment" requirement of Section 148 of the Code.

The City Clerk, or other officer of the Municipality charged with responsibility for issuing the Bonds, shall provide an appropriate certificate of the Municipality, for inclusion in the transcript of proceedings, setting forth the reasonable expectations of the Municipality regarding the amount and use of the Bond Proceeds and the facts and estimates on which such expectations are based, all as of the Closing.

Section 13. Compliance with Federal Tax Laws. (a) The Municipality represents and covenants that the projects financed by the Bonds and by the Refunded Obligations and the ownership, management and use of the projects will not cause the Bonds or the Refunded Obligations to be "private activity bonds" within the meaning of Section 141 of the Code. The Municipality further covenants that it shall comply with the

provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Bonds including, if applicable, the rebate requirements of Section 148(f) of the Code. The Municipality further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the Municipality charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the Municipality certifying that the Municipality can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The Municipality also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Bonds provided that in meeting such requirements the Municipality will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

The foregoing covenants shall remain in full force and effect, notwithstanding the defeasance of the Bonds, until the date on which all of the Bonds have been paid in full.

Section 14. Official Statement. The Governing Body hereby approves the Preliminary Official Statement with respect to the Bonds and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the Municipality in connection with the preparation of such Preliminary Official Statement and any addenda to it or Final Official Statement are hereby ratified and approved. In connection with the closing of the Bonds, the appropriate Municipality official shall certify the Preliminary Official Statement and any addenda or Final Official Statement. The City Clerk shall cause copies of the Preliminary Official Statement and any addenda or Final Official Statement to be distributed to the Purchaser.

Section 15. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by the City Clerk, as Bond Registrar and Paying Agent.

Section 16. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the Municipality by the manual or facsimile signatures of the Mayor and City Clerk, authenticated, if required, by the Bond Registrar, sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered

to the Purchaser upon payment to the Municipality of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Bonds may be imprinted on the Bonds in lieu of the manual signature of the officer but, unless the Municipality has contracted with a fiscal agent to authenticate the Bonds, at least one of the signatures appearing on each Bond shall be a manual signature. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Bonds and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The Municipality hereby authorizes the officers and agents of the Municipality to enter into, on its behalf, agreements and contracts in conjunction with the Bonds, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Bonds is hereby ratified and approved in all respects.

Section 17. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the Municipality agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations previously executed on behalf of the Municipality and on file in the City Clerk's office.

Section 18. Qualified Tax-Exempt Obligations. The Bonds shall be deemed designated as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3)(D)(ii) of the Code and in support of such designation, the City Clerk or other officer of the City charged with the responsibility for issuing the Bonds, shall provide an appropriate certificate of the City, all as of the Closing.

Section 19. Redemption of the Refunded Obligations. The Refunded Obligations are hereby called for prior payment and redemption on May 1, 2016 at a price of par plus accrued interest to the date of redemption.

The City hereby directs the City Clerk to work with Wisconsin Public Finance Professionals, LLC to cause timely notice of redemption, in substantially the form attached hereto as Exhibit G and incorporated herein by this reference (the "Notice"), to be provided at the times, to the parties and in the manner set forth on the Notice.

Section 20. Record Book. The City Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds in the Record Book.

Section 21. Undertaking to Provide Continuing Disclosure. The City hereby covenants and agrees, for the benefit of the owners of the Bonds,

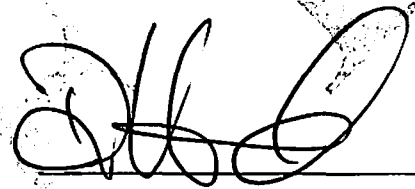
to enter into a written undertaking (the "Undertaking") to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Bonds or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the City to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

To the extent required under the Rule, the City Clerk, or other officer of the City charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings setting forth the details and terms of the City's Undertaking.

Section 22. Bond Insurance. The Mayor and City Clerk are authorized to agree to such additional provisions as any municipal bond insurer which makes a commitment accepted by the Municipality to insure the Bonds may reasonably request and which are acceptable to the Mayor and City Clerk, including provisions regarding restrictions on investment of Bond Proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer and notices to be given to the bond insurer. In addition, appropriate reference to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 23. Resolution a Contract. The provisions of this Resolution, together with the Safe Drinking Water Bond Resolutions, and the Bond Resolution, as previously amended by the 2007 Resolution and 2013 Resolution, shall constitute a contract between the Municipality and the holder or holders of the Bonds and any Parity Bonds, and after issuance of any Bond or any Parity Bond no change or alteration of any kind in the provisions of this Resolution may be made, until all of the Safe Drinking Water Bonds, the Prior Bonds, the Bonds and any Parity Bonds have been paid in full as to both principal and interest. The holder or holders of any Bond or any Parity Bonds shall have the right in addition to all other rights, by mandamus or other suit or action in any court of competent jurisdiction, to enforce his or their rights against the Municipality, the Governing Body thereof, and any and all officers and agents thereof, including, but without limitation, the right to require the Municipality, its Governing Body and other authorized body, to fix and collect rates and charges fully adequate to carry out all of the provisions and agreements contained in this Resolution.

Section 24. Conflicting Resolutions, Ordinances, Severability, Closing and Effective Date. All prior ordinances, resolutions (other than the Safe Drinking Water Bond Resolutions, the Bond Resolution, the 2007 Resolution and the 2013 Resolution) rules or other actions of the Governing Body or any parts thereof in conflict with the provisions hereof shall be and the same are hereby rescinded insofar as they may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The appropriate officers and agents of the Municipality are hereby directed and authorized to do all acts and execute and deliver all documents as may be necessary and convenient to effectuate the Closing of this transaction. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.



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I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the 21st day of March, 2016.

Dated \_\_\_\_\_, 2016. \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_, 2016. \_\_\_\_\_, Mayor

EXHIBIT A

Additional Bonds Certificate

(See Attached)

DRAFT

ADDITIONAL BONDS CERTIFICATE

The undersigned, an authorized officer of the City of Sheboygan, Sheboygan County, Wisconsin (the "City") and an authorized officer of the Water Utility of the City hereby certify as follows:

1. The City is issuing its \$2,125,000 Water Utility Revenue Refunding Bonds, Series 2016, dated April 20, 2016 (the "2016 Bonds").
2. We have reviewed and are familiar with the provisions of Resolution No. 262-03-04 adopted by the Common Council on February 16, 2004 (the "2004 Safe Drinking Water Resolution") which authorized the issuance of Water System Revenue Bonds, Series 2004, dated March 10, 2004 (the "2004 Safe Drinking Water Bonds").
3. We have also reviewed and are familiar with the provisions of Resolution No. 100-05-06 adopted by the Common Council on August 15, 2005 (the "Bond Resolution") which authorized the issuance of Water Utility Revenue Bonds, Series 2005, dated September 1, 2005 (the "2005 Bonds").
4. We have also reviewed and are familiar with the provisions of Resolution No. 289-06-07 adopted by the Common Council on April 4, 2007 (the "2007 Resolution") which authorized the issuance of Water Utility Revenue Bonds, Series 2007, dated April 15, 2007 (the "2007 Bonds").
5. We have also reviewed and are familiar with the provisions of Resolution No. 167-12-13 adopted by the Common Council on April 3, 2013 (the "2013 Resolution") which authorized the issuance of Water Utility Revenue Bonds, Series 2013, dated May 1, 2013 (the "2013 Bonds") (the 2007 Bonds and the 2013 Bonds shall be collectively referred to herein as the "Prior Bonds").
6. We have also reviewed and are familiar with the provisions of Resolution No. 193-14-15 adopted by the Common Council on April 20, 2015 (the "2015 Safe Drinking Water Resolution") which authorized the issuance of Water Utility Revenue Bonds, Series 2015, dated May 13, 2015 (the "2015 Safe Drinking Water Bonds"). The 2004 Safe Drinking Water Bonds and the 2015 Safe Drinking Water Bonds shall be collectively referred to as the "Safe Drinking Water Bonds" and the 2004 Safe Drinking Water Resolution and 2015 Safe Drinking Water Resolution shall be collectively referred to herein as the "Safe Drinking Water Resolutions").
7. To the best of our knowledge, information and belief, the City meets the conditions set forth in Section 11 of the Safe Drinking Water Resolutions and Section 9 of the Bond Resolution, necessary to issue the 2016 Bonds on a parity and equality of rank with the Safe Drinking Water Bonds and the Prior Bonds, to wit:

(i) Net Revenues. As set forth on the attached Schedule I, the Net Revenues of the System (as defined in the Safe Drinking Water Resolutions and the Bond Resolution, as amended) for fiscal year 2015 were \$ \_\_\_\_\_ which is at least equal to the maximum annual interest and principal requirements on all bonds outstanding payable from the revenues of the System, and on the 2016 Bonds, times the greater of (i) 1.10 or (ii) the highest debt service coverage ratio to be required with respect to the 2016 Bonds or on any debt obligations payable from the revenues of the System then outstanding, which is 1.20;

(ii) No Default. The payments required to be made into the various funds and accounts provided in the Safe Drinking Water Resolutions and the Bond Resolution, as amended (including the Reserve Account, but not the Surplus Fund) are current and the City is not in default under the Bond Resolution, as amended by the 2007 Resolution and 2013 Resolution;

(iii) Payment Dates. The 2016 Bonds will be payable as to principal annually on May 1 and payable as to interest semi-annually on May 1 and November 1 of each year;

(iv) Purpose. The proceeds of the 2016 Bonds are being used solely for the purpose of refunding bonds issued to pay the costs of providing additions, extensions and improvements to the Water System of the City; and

(v) Reserve Account. The Reserve Account will be funded to an amount equal to the Reserve Requirement applicable upon the issuance of Parity Bonds as set forth in Section 1 of the Bond Resolution and in Schedule II attached hereto.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective this 21st day of March, 2016.

\_\_\_\_\_  
Nancy Buss  
Finance Director/Treasurer  
City of Sheboygan

\_\_\_\_\_  
Joe R. Trueblood  
Water Utility Superintendent  
Water Utility of the  
City of Sheboygan

EXHIBIT B

Official Notice of Sale

To be provided by the Financial Advisor and incorporated into the Resolution.

DRAFT

EXHIBIT C

Bid Tabulation

To be provided by the Financial Advisor and incorporated into the Resolution.

DRAFT

EXHIBIT D

Winning Bid

To be provided by the Financial Advisor and incorporated into the Resolution.

DRAFT

EXHIBIT E-1

Pricing Summary

To be provided by the Financial Advisor and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT E-2

Debt Service Schedule

To be provided by the Financial Advisor and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT F

(Form of Bond)

REGISTERED UNITED STATES OF AMERICA DOLLARS  
STATE OF WISCONSIN  
SHEBOYGAN COUNTY  
NO. R- CITY OF SHEBOYGAN \$  
WATER UTILITY REVENUE REFUNDING BOND, SERIES 2016

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:

May 1, April 20, 2016 %

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS (\$ )

FOR VALUE RECEIVED, the City of Sheboygan, Sheboygan County, Wisconsin (the "City"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), solely from the fund hereinafter specified, on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. Interest is payable semi-annually on May 1 and November 1 of each year commencing on November 1, 2016 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Bond are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Bond is registered on the Bond Register maintained by the City Clerk or City Treasurer (the "Fiscal Agent") or any successor thereto at the close of business on the 15th day of the calendar month next preceding the semi-annual interest payment date (the "Record Date"). This Bond is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

The Bonds maturing on May 1, 2024 and thereafter are subject to redemption prior to maturity, at the option of the City, on May 1, 2023 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity, by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

In the event the Bonds are redeemed prior to maturity, as long as the Bonds are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Bonds of a maturity are to be called for redemption, the Bonds of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation, date and maturities of the Bonds called for redemption, CUSIP numbers, and the date of redemption. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Bonds shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Bonds shall no longer be deemed to be outstanding.

This Bond is one of an issue aggregating \$2,125,000, issued for the purpose of refunding obligations issued to pay the cost of additions, improvements and extensions to the City's Water Utility, pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 66.0621, Wisconsin Statutes, acts supplementary thereto, resolutions adopted by the Common Council on February 15, 2016 and on March 21, 2016 (the "2016 Resolution") and the Bond Resolution, as supplemented by the 2007 Resolution and 2013 Resolution (as those terms are defined in the 2016 Resolution), and is payable only from the income and revenues derived from the operation of said Water Utility. Such revenues have been set aside and pledged as a special fund for that purpose and identified as "Special Redemption Fund", created by the Bond Resolution and continued by the 2007 Resolution, the 2013 Resolution and the 2016 Resolution. The City has heretofore issued and has outstanding certain Water Utility Revenue Bonds defined in the 2016 Resolution as the Safe Drinking Water Bonds and the Prior Bonds. The Bonds are issued on a parity with the Safe Drinking Water Bonds and the Prior Bonds and are secured by an equal lien and claim to the revenues and properties of the Water Utility and the monies on deposit in the Special Redemption Fund (referenced below), except that the Safe Drinking Water Bonds are not secured by a pledge of the Reserve Account. This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or provision.

This Bond is transferable only upon the books of the City kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Bonds, and the City appoints another depository, upon surrender of the Bond to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Bond in the same aggregate principal amount shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the City for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Bonds (i) after the Record Date, (ii) during the fifteen (15) calendar days preceding the date of any publication of notice of any proposed redemption of the Bonds, or (iii) with respect to any particular Bond, after such Bond has been called for redemption. The Fiscal Agent and City may treat and consider the Depository in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Bonds are issuable solely as negotiable, fully-registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

It is hereby certified, recited and declared that all conditions, things and acts required by law to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; and that sufficient of the income and revenue to be received by said City from the operation of its System has been pledged to and will be set aside into a special fund for the payment of the principal of and interest on this Bond.

IN WITNESS WHEREOF, the City of Sheboygan, Sheboygan County, Wisconsin, by its governing body, has caused this Bond to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

CITY OF SHEBOYGAN,  
SHEBOYGAN COUNTY, WISCONSIN

By: \_\_\_\_\_  
Michael Vandersteen  
Mayor

By: \_\_\_\_\_  
Susan Richards  
City Clerk

(SEAL)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or other Identifying Number of Assignee)

the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_, Legal Representative, to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
(e.g. Bank, Trust Company  
or Securities Firm)

\_\_\_\_\_  
(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

\_\_\_\_\_  
(Authorized Officer)

EXHIBIT G

NOTICE OF FULL CALL\*

Regarding

CITY OF SHEBOYGAN  
SHEBOYGAN COUNTY, WISCONSIN  
WATER UTILITY REVENUE BONDS, SERIES 2005  
DATED SEPTEMBER 1, 2005

NOTICE IS HEREBY GIVEN that the Bonds of the above-referenced issue which mature on the dates and in the amounts; bear interest at the rates; and have CUSIP Nos. as set forth below have been called by the City for prior payment on May 1, 2016 at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of prepayment:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
05/01/2017	\$225,000	4.00%	821037CD8
05/01/2018	225,000	4.00	821037CE6
05/01/2019	225,000	4.25	821037CF3
05/01/2020	225,000	4.00	821037CG1
05/01/2021	235,000	4.00	821037CH9
05/01/2022	250,000	4.00	821037CJ5
05/01/2023	250,000	4.10	821037CK2
05/01/2024	250,000	4.10	821037CL0
05/01/2025	250,000	4.15	821037CM8

The City shall deposit federal or other immediately available funds sufficient for such redemption at the office of The Depository Trust Company on or before May 1, 2016.

Said Bonds will cease to bear interest on May 1, 2016.

By Order of the  
Common Council  
City of Sheboygan  
City Clerk

Dated \_\_\_\_\_

\* To be provided by registered or certified mail, overnight express delivery, or facsimile transmission, to The Depository Trust Company, Attn: Supervisor, Call Notification Department, 570 Washington Blvd., Jersey City, NJ 07310, not less than thirty (30) days nor more than sixty (60) days prior to May 1, 2016 and to the MSRB electronically through the Electronic Municipal Market Access (EMMA) System website at [www.emma.msrb.org](http://www.emma.msrb.org). Notice shall also be provided to Financial Security Assurance Inc., New York, New York, or any successor, the bond insurer of the Bonds.