

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
\$960,000 SEWERAGE SYSTEM MORTGAGE REVENUE BONDS
OF THE CITY OF ASHLAND, ASHLAND AND BAYFIELD COUNTIES, WISCONSIN,
AND PROVIDING FOR THE PAYMENT OF THE BONDS AND
OTHER DETAILS WITH RESPECT TO THE BONDS

WHEREAS, the City of Ashland, Ashland and Bayfield Counties, Wisconsin ("City") now owns and operates and has for many years owned and operated its Sewerage System, a public utility (the Sewerage System and all properties of every nature in connection with such System now or hereafter owned by the City, including all improvements and extensions thereto, all real and personal property of every nature comprising part of and used or useful in connection therewith, and all appurtenances, contracts, leases, franchises and other intangibles, are hereinafter referred to collectively as the "System"); and

WHEREAS, under the provisions of Chapter 66, Wis. Stats., any municipality in the State of Wisconsin may, by action of its governing body, provide funds for extending, adding to and improving a public utility from the proceeds of bonds, which bonds are to be payable only from the income and revenues derived from the operation of such utility and are to be secured by a pledge of the revenues of the utility and may be secured by a mortgage lien on such utility; and

WHEREAS, pursuant to Resolution No. 17143 adopted on December 9, 2014 (the "2014 Resolution"), the City has heretofore issued its Sewerage System Revenue Bonds, Series 2014, dated December 23, 2014 (the "2014 Bonds") which 2014 Bonds are payable from the income and revenues of the system; and

WHEREAS, pursuant to Resolution No. 17317 adopted on November 15, 2016 (the "2016 Resolution"), the City has heretofore issued its Sewerage System Revenue Bonds, Series 2016, dated December 14, 2016 (the "2016 Bonds") which 2016 Bonds are payable from the income and revenues of the system on a parity with the 2014 Bonds (collectively, the "Prior Bonds"); and

WHEREAS, the 2014 Resolution and the 2016 Resolution shall collectively be referred to as the "Prior Resolutions"; and

WHEREAS, the Prior Resolutions permit the issuance of bonds payable from revenues of the System on a parity with the Prior Bonds upon certain conditions and those conditions have been met; and

WHEREAS, the City has determined that certain additions, improvements and extensions to the System, including replacing the SCADA system, sewerage system equipment and the Ultraviolet (UV) system (the "Project") are necessary to adequately supply the needs of the City and the residents thereof; and

WHEREAS, it is desired to authorize and sell revenue bonds for such purpose payable solely from the revenues to be derived from the operation of the System, which bonds are to be authorized and issued pursuant to the provisions of Section 66.0621, Wis. Stats.; and

WHEREAS the Common Council has determined that the City is unable to obtain sufficient credit elsewhere taking into consideration prevailing private rates and terms currently available and that the United States of America, acting through Rural Development, United States Department of Agriculture or other applicable agency (hereinafter called "Government"), similarly has determined and has indicated its intent to purchase such bonds as are necessary for such purpose; and

WHEREAS, other than the Prior Bonds, the City has no bonds or obligations outstanding which are payable from the income and revenues of the System.

NOW, THEREFORE, the Common Council of the City of Ashland, Ashland and Bayfield Counties, Wisconsin, do resolve that:

Section 1. Authorization of Bonds. To provide funds for the Project, there shall be borrowed on the credit of the income and revenue of the System the sum of NINE HUNDRED SIXTY THOUSAND DOLLARS (\$960,000) and the fully-registered bond of the City in said principal amount shall be issued in evidence thereof (said bond is called the "Bond" and with other bonds which may be issued in substitution or exchange therefor are called the "Bonds"). The Bonds shall be designated "Sewerage System Mortgage Revenue Bonds", be dated their date of delivery, be initially numbered R-1, and shall bear interest at the rate of 2.75% per annum, or such lower rate as may be available on the date of their delivery. Installments of principal shall be payable on May 1 of each year in the years and principal amounts as set forth on the schedule attached to the Bonds. Interest on the Bonds shall be payable commencing on November 1, 2018 and semi-annually thereafter on May 1 and November 1 of each year.

Such principal payments are subject to the right of prepayment on the terms and with the effect set forth in Section 13 hereof.

The amount of annual debt service payments is reasonable in accordance with prudent municipal utility practices.

The Bonds shall be signed by the manual or facsimile signatures of the Mayor and City Clerk of the City (provided that, unless the City has contracted with a fiscal agent to authenticate the Bonds, at least one of such signatures shall be manual), and sealed with the corporate seal of the City.

The Bonds, together with interest thereon, shall not constitute an indebtedness of the City nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Debt Service Fund hereinafter provided, and shall be a valid claim of the owner thereof only against the Debt Service Fund and the revenues pledged to such Fund, on a parity with the pledge granted to the owners of the Prior Bonds. Sufficient revenues are hereby pledged to the Debt Service Fund, and shall be used for no other purpose than to pay the principal of and interest on the Bonds, the Prior Bonds and Parity Bonds as the same fall due.

Section 2. Form of Bonds. The Bonds shall be in substantially the form attached hereto as Exhibit A and incorporated herein by this reference.

Section 3. Definitions. In addition to the words defined elsewhere in this Resolution, the following words shall have the following meanings unless the context or use indicates another or different meaning or intent: