

RESOLUTION NO. 261

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
\$805,000 SEWER SYSTEM MORTGAGE REVENUE BONDS OF THE
VILLAGE OF DORCHESTER, CLARK AND MARATHON COUNTIES, WISCONSIN,
AND PROVIDING FOR THE PAYMENT OF THE BONDS AND OTHER DETAILS WITH
RESPECT TO THE BONDS

WHEREAS, the Village of Dorchester, Clark and Marathon Counties, Wisconsin ("Village") now owns and operates and has for many years owned and operated its Sewer System, a public utility (the Sewer System and all properties of every nature in connection with such System now or hereafter owned by the Village, 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 and for refunding obligations issued to finance extensions, additions and improvements to 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 a resolution adopted on September 11, 2002 (the "2002 Resolution"), the Village issued its Water System and Sewer System Revenue Bonds, dated September 23, 2002 (the "Prior Bonds"), which bonds are payable from the income and revenues of the System and the Water System; and

WHEREAS, the 2002 Resolution permits the issuance of bonds payable from revenues of the System on a parity with the Prior Bonds upon certain conditions, and those conditions have not been met and as a result, the revenue bonds authorized hereby will be issued on a basis junior and subordinate to the Prior Bonds with regard to the Sewer System; and

WHEREAS, the Village has outstanding its Note issued to Advantage Community Bank (the "Refunded Obligations"), which was issued to finance improvements to the System, including wastewater treatment facility improvements and Front Street improvements (the "Project"); and

WHEREAS, the Village Board has determined that it is necessary and desirable to refund the Refunded Obligations (the "Refunding") for the purpose of providing permanent financing for the Project; and

WHEREAS, the Village has also determined that additional funds are necessary to complete the Project; and

WHEREAS, it is desired to authorize and sell revenue bonds for such purposes 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 Village Board has determined that the Village 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 Village has no bonds or obligations outstanding which are payable from the income and revenues of the System.

NOW, THEREFORE, the Village Board of the Village of Dorchester, Clark and Marathon Counties, Wisconsin, do resolve that:

Section 1. Authorization of Bonds. To provide funds for the Refunding and the Project, there shall be borrowed on the credit of the income and revenue of the System the sum of EIGHT HUNDRED FIVE THOUSAND DOLLARS (\$805,000) and the fully-registered bond of the Village 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 "Sewer System Mortgage Revenue Bonds", be dated their date of delivery, and be numbered R-1. Installments of principal and interest shall be payable semiannually on the 16th day of May and November of each year until said sum is paid, with the first installment falling due on November 16, 2012, and the final installment due on May 16, 2052. The amount of such semi-annual payments will be determined by (a) multiplying the amortization factor found in United States Department of Agriculture, Rural Development Farm Service Agency, Amortization Tables, Publication No. 622, January 1982, for a loan with semi-annual payments, an interest rate equal to the interest rate on the Bonds and a term of 40 years, by the principal amount of the Bonds divided by 1000 and (b) rounding such product to the next highest whole dollar. Such principal payments are subject to the right of prepayment on the terms and with the effect set forth in Section 13 hereof.

The Bonds shall bear semi-annual interest at the rate of 2.75% per annum, or such lower rate as may be made available by the Government prior to the date of delivery.

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

The Village Board hereby determines that the Refunding is advantageous and necessary to the Village.

The Bonds shall be signed by the manual or facsimile signatures of the President and Village Clerk of the Village (provided that, unless the Village 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 Village.

The Bonds, together with interest thereon, shall be payable only out of the Special Redemption Fund hereinafter provided, and shall be a valid claim of the owner thereof only against the Subordinate Debt Service Fund and the revenues pledged to such Fund, and sufficient revenues are pledged to the Subordinate Debt Service Fund, and shall be used for no other purpose than to pay the principal of and interest on the Prior Bonds, the 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:

"Annual Debt Service Requirement" means the total amount of principal and interest due in any Fiscal Year on the Prior Bonds, the Bonds and Parity Bonds.

"Bond Year" means the one-year period ending on a principal payment date or mandatory redemption date for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Current Expenses" or "Operation and Maintenance Expenses" means the reasonable and necessary costs of operating, maintaining, administering and repairing the System, including salaries, wages, costs of materials and supplies, insurance and audits, but excluding depreciation, debt service, tax equivalents and capital expenditures.

"Fiscal Year" means the fiscal year adopted by the Village for the System, which is currently the calendar year.

"Net Revenues" means the Revenues minus all Operation and Maintenance Expenses of the System.

"Parity Bonds" means additional bonds issued on a parity as to pledge and lien with the Bonds in accordance with the provisions of Section 11 of this Resolution.

"Reserve Requirement" means an amount equal to the least of (a) \$33,312 (b) maximum annual debt service on the Bonds in any Bond Year and (c) 125% of average annual debt service on the Bonds in any Bond Year. If Parity Bonds which are to be secured by the Reserve Account are issued, the Reserve Requirement shall mean the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of such Parity Bonds plus the amount permitted to be deposited therein from proceeds of the Parity Bonds pursuant to Section 148(d)(1) of the Code, (b) the maximum annual debt service requirement for outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued and (c) 125% of average annual debt service on the outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued.

"Revenues" means all income and revenue derived from operation of the System, including the revenues received from the Village for services rendered to it and all moneys received from any other source, including income derived from investments.

Section 4. Funds and Accounts. When the Bonds shall have been delivered in whole or in part, the Revenues shall be set aside into the following separate and special funds, which were created and established by the 2002 Resolution and are hereby further continued as amended below as long as the Prior Bonds are outstanding. After the Prior Bonds are no longer outstanding, each of the Funds and Accounts below shall be separated into Water System Funds and Sewer System Funds and the Funds and Accounts pertaining only to the Prior Bonds shall be void. The Bonds are not payable from revenues of the Water System. The Revenues of the System shall be used and applied as described below.

(a) Water System and Sewer System Revenue Fund, into which shall be deposited as received the entire Revenues of the System (including the Water System while the Prior Bonds are outstanding) which monies shall then be divided among the Water System Operation and Maintenance Fund, the Sewer System Operation and Maintenance Fund, the Special Redemption Fund and the Surplus Fund in the amounts and in the manner set forth in Section 5 hereof and used for the purposes described below:

(b) Water System and Sewer System Operation and Maintenance Funds, which shall be used for the payment of Current Expenses of the Water System and the Sewer System.

(c) Water System and Sewer System Revenue Bond and Interest Special Redemption Fund (the "Debt Service Fund"), which shall be used for the payment of the principal of, premium, if any, and interest on the Prior Bonds and any bonds issued on a parity with the Prior Bonds as the same becomes due.

(d) Senior Reserve Account within the Debt Service Fund provided for in the 2002 Resolution is a Reserve Account which is not pledged to the payment of principal of or interest on the Bonds, and moneys on deposit in the Senior Reserve Account shall under no circumstances be used to pay principal of or interest on the Bonds. The Senior Reserve Account shall be used to secure principal and interest on the Prior Bonds.

(e) Subordinate Debt Service Fund, which is hereby established within the Debt Service Fund and shall be used as a debt service fund for the payment of the principal of, premium, if any, and interest on the Bonds and Parity Bonds as the same becomes due.

(f) Junior Reserve Fund, which is hereby established within the Subordinate Debt Service Fund which shall be used first to make up any deficiency first in the Debt Service Fund and thereafter for the payment of the principal and interest on the Bonds and any Parity Bonds at any time when there shall be insufficient money in the Subordinate Debt Service Account for said purpose and to restore any deficiency in the Subordinate Debt Service Account. With prior written approval of the Government, funds from the Reserve Fund may be withdrawn and used for emergency maintenance, extensions to the System and short lived assets.

(g) Water System and Sewer System Surplus Fund, which shall first be used whenever necessary to pay principal of or interest on the Prior Bonds, the Bonds and any Parity Bonds when the Debt Service Fund or Subordinate Debt Service Fund shall be insufficient for such purpose, and thereafter shall be disbursed as follows:

- (i) at any time, to remedy any deficiency in any of the funds or accounts provided in Section 5 hereof; and,
- (ii) money thereafter remaining in the Surplus Fund at the end of any Fiscal Year may be transferred to any of the funds or accounts created herein, or to reimburse the general fund of the Village for advances made by the Village to the System.

Section 4A. Deposits and Investments. The Funds established within the Debt Service Fund each shall be kept apart from moneys in the other funds and accounts in the records of the Village and the same shall be used for no purpose other than the prompt payment of principal of and interest on the Prior Bonds, the Bonds and any Parity Bonds as the same becomes due and payable. The funds and accounts herein created may be temporarily invested until needed in legal investments.

Section 5. Application of Revenues. After the delivery of any of the Bonds or any Parity Bonds, the entire Revenues of the System shall be deposited as collected in the Revenue Fund and shall be transferred monthly to the funds listed below in the following order of priority and in the manner set forth below. After the Prior Bonds are no longer outstanding, the Revenues of the Water System shall be separated from the Revenues of the Sewer System.

(a) to the Operation and Maintenance Funds, an amount equal to the estimated Current Expenses for the Water System and Sewer System the current month and for the succeeding month (after giving effect to available amounts in said fund from prior deposits).

(b) to the Debt Service Fund, an amount equal to one-sixth (1/6) of the next installment of interest coming due on the Prior Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Prior Bonds coming due on the next succeeding principal payment date (after giving effect to available amounts in said account from accrued interest, any premium, investment earnings or any other source).

(c) to the Subordinate Debt Service Fund, an amount equal to one-sixth (1/6) of the next installment of principal and interest coming due on the Bonds and any Parity Bonds then outstanding (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source).

(d) to the Junior Reserve Fund, an amount equal to one-sixth (1/6) of the semi-annual installment payment of \$1,666 until there is accumulated an amount equal to the Reserve Requirement, at which time deposits may be discontinued.

(e) to the Surplus Fund, any amount remaining in the Revenue Fund after the monthly transfers required above have been completed.

It is the express intent of the Village Board that at all times the Debt Service Fund and the Subordinate Debt Service Fund constitute a "bona fide debt service account" and, be depleted (except for a reasonable carryover as defined in the Regulations) at least once a year. Prior to each interest and principal payment date, the Village shall transfer from the Debt Service Fund and the Subordinate Debt Service Fund to the respective Bond Registrars the amounts required for the payment of the interest and principal coming due on the Prior Bonds, the Bonds and any Parity Bonds.

Transfers from the Revenue Fund to the Operation and Maintenance Funds, the Special Redemption Fund and the Surplus Fund shall be made monthly not later than the 10th day of each month, and such transfers shall be applicable to moneys on deposit in the Revenue Fund as of the last day of the month preceding. Any other transfers and deposits within any fund or to any other fund or account required or permitted by subsections (a) through (e) of this Section, except transfers or deposits which are required to be made immediately or annually, shall be made on or before the 10th day of the month. Any transfer or deposit required to be made at the end of any Fiscal Year shall be made within sixty (60) days after the close of such Fiscal Year. If the 10th day of any month shall fall on a day other than a business day, such transfer or deposit shall be made on the next succeeding business day.

It is the express intent and determination of the Village Board that the amounts transferred from the Revenue Fund and deposited in the Debt Service Fund and Subordinate Debt Service Fund shall be sufficient in any event to pay the interest on the Prior Bonds, the Bonds and any Parity Bonds as the same accrues and the principal thereof as the same matures, and to provide any amounts required to be paid monthly into the Reserve Accounts.

The Village covenants and agrees that at any time that the Junior Reserve Account is drawn on causing the amount in the Junior Reserve Account shall be less than the Reserve Requirement, semi-annual deposits shall be resumed or shall continue to be made, aggregating \$3,332 annually, until there is accumulated an amount equal to the Reserve Requirement, at which time deposits shall be discontinued. If at any time the amount on deposit in the Junior Reserve Account exceeds the Reserve Requirement, the excess shall be transferred to the Subordinate Debt Service Fund and used to pay principal and interest on the Bonds. If for any reason there shall be insufficient funds on hand in the Subordinate Debt Service Fund to meet principal or interest becoming due on the Bonds or Parity Bonds secured by the Junior Reserve Account, then all sums then held in the Junior Reserve Account shall be used to pay the portion of interest or principal on such Bonds or Parity Bonds becoming due as to which there would otherwise be default, and thereupon the payments required by this paragraph shall again be made into the Junior Reserve Account until an amount equal to the Reserve Requirement is on deposit in the Junior Reserve Account.

Money in the Surplus Fund shall first be used when necessary to meet requirements of the Operation and Maintenance Fund including the one month reserve, the Special Redemption Fund including the Reserve Account, and the Depreciation Fund. Any money then remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified in Section 66.0811(2), Wis. Stats. Money thereafter remaining in the Surplus Fund may be transferred to any of the funds or accounts created by this section.

Section 6. Mortgage Lien. For the further protection of the owners of the Bonds, a mortgage lien upon the System is hereby granted to and in favor of the owner or owners of the Bonds, which lien is hereby recognized as valid and binding upon the Village and as a valid and binding lien upon the System and any additions and improvements to be made thereto.

The Village Clerk is hereby directed to perfect said mortgage lien by recording this Resolution in the records of the Village, and, if and as directed by the Government, to provide notice of said mortgage lien by recording a Notice of Mortgage Lien with the County Register of Deeds in substantially the form attached hereto as Exhibit B.

Section 7. Service to the Village. The reasonable cost and value of any service rendered to the Village by the System, including reasonable health protection charges, shall be charged against the Village and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the Village collected or in the process of collection, exclusive of the revenues derived from the System, to wit: out of the tax levy of the Village made by it to raise money to meet its necessary current expenses. It is hereby found and determined that the reasonable cost and value of such service to the Village in each year shall be in an amount which, together with Revenues of the System, will produce Net Revenues equivalent to not less than 1.10 times the Annual Debt Service Requirement. Such compensation for such service rendered to the Village shall, in the manner provided hereinabove, be paid into the separate and special funds described in Section 4 of this Resolution. However, such payment is subject to (a) annual appropriation by the Village Board, (b) approval of the Wisconsin Public Service Commission, if necessary, and (c) applicable levy limits, if any; and neither this Resolution nor such payment shall be construed as constituting an obligation of the Village to make any such appropriation over and above the reasonable cost and value of services rendered to the Village or to make any subsequent payment over and above such reasonable cost and value.

Section 8. Operation of System; Village Covenants. It is covenanted and agreed by the Village with the owner or owners of the Bonds, and each of them, that:

It will faithfully and punctually perform all duties with reference to the System required by the Constitution and Statutes of the State of Wisconsin, including the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, and will segregate the Revenues of the System and apply them to the respective funds and accounts described hereinabove;

It will not sell, lease, or in any manner dispose of the System, including any part thereof or any additions, extensions, or improvements that may be made part thereto, except that the Village shall have the right to sell, lease or otherwise dispose of any property of the System found by the Village to be neither necessary nor useful in the operation of the System, provided the proceeds received from such sale, lease or disposal shall be paid into the Special Redemption Fund or applied to the acquisition or construction of capital facilities for use in the normal operation of the System, and such payment shall not reduce the amounts otherwise required to be paid into the Special Redemption Fund;

It will cause the Project to be completed as expeditiously as reasonably possible;

It will pay or cause to be paid all lawful taxes, assessments, governmental charges, and claims for labor, materials or supplies which if unpaid could become a lien upon the System or its Revenues or could impair the security of the Bonds;

It will maintain in reasonably good condition and operate the System, and will establish, charge and collect such lawfully established rates and charges for the service rendered by the System, so that in each Fiscal Year Net Revenues shall not be less than 110% of the Annual Debt Service Requirements, and so that the Revenues of the System herein agreed to be set aside to provide payment of the Prior Bonds, the Bonds and Parity Bonds and the interest thereon as the same becomes due and payable, and to meet the Reserve Requirement, will be sufficient for those purposes; and

It will prepare a budget not less than sixty days prior to the end of each Fiscal Year and, in the event such budget indicates that the Net Revenues for each Fiscal Year will not exceed the Annual Debt Service Requirement for each corresponding Fiscal Year by the proportion stated hereunder, will take any and all steps permitted by law to increase rates so that the aforementioned proportion of Net Revenues to the Annual Debt Service Requirement shall be accomplished as promptly as possible.

Section 9. Books and Accounts; Inspection. The Village will keep proper books and accounts relative to the System separate from all other records of the Village and will cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants including a balance sheet and a profit and loss statement of the System as certified by such accountants. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein shall include the following: (1) a statement in detail of the income and expenditures of the System for the Fiscal Year; (2) a balance sheet as of the end of such Fiscal Year; (3) the accountants' comment regarding the manner in which the Village has carried out the requirements of this Resolution and the accountants' recommendations for any changes or improvements in the operation of the System; (4) the number of connections to the System at the end of the Fiscal Year, for each user classification (i.e., residential, commercial, public and industrial); (5) 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 (6) the volume of water used.

The owners of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Village relating thereto.

Section 10. Insurance. So long as any of the Bonds are outstanding the Village will carry for the benefit of the owners of the Bonds: (a) adequate fire, lightning, vandalism, riot, strike, explosion, civil commotion, malicious damage, tornado and windstorm insurances on all portions of the System which are subject to loss through such casualties; (b) adequate insurance against loss of use and occupancy resulting from such casualties; (c) adequate public liability insurance and (d) insurance of the kinds and in the amounts normally carried by private companies engaged in the operation of similar systems. All money received for loss of use and occupancy shall be considered Revenue of the System payable into the separate funds and accounts named in Section 4 of this Resolution. All money received for losses under any of such casualty policies, except those specified in (b) above, shall be used in repairing the damage or in

replacing the property destroyed provided that if the Village Board shall find it is inadvisable to repair such damage or replace such property and that the operation of the System has not been impaired thereby, such money, including proceeds from insurance under (b) above, shall be deposited in the Special Redemption Fund, but in that event such payments shall not reduce the amounts otherwise required to be paid into the Special Redemption Fund.

Section 11. Additional Bonds. The Bonds are issued junior and subordinate to the Prior Bonds. No bonds or obligations payable out of the Revenues of the System may be issued in such manner as to enjoy priority over the Bonds. Additional obligations may be issued if their lien and pledge is junior and subordinate to that of the Bonds. While the Government is the registered owner of the Bonds, additional bonds on a parity with the pledge and lien of the Bonds may be issued only with the consent of the Government. At other times, additional obligations may be issued on a parity with the Bonds as to the pledge of Revenues of the System ("Parity Bonds") only if all of the following conditions are met:

a. The Net Revenues of the System for the Fiscal Year immediately preceding the issuance of such additional bonds must have been equal to at least 1.20 times the highest annual principal and interest requirements on all bonds outstanding payable from Revenues of the System and on the Bonds then to be issued in any Fiscal Year. Should an increase in permanent rates and charges, including those made to the Village, be properly ordered and made effective during the Fiscal Year immediately prior to the issuance of such additional bonds or during that part of the Fiscal Year of issuance prior to such issuance, then Revenues for purposes of such computation shall include such additional Revenues as an independent certified public accountant, consulting professional engineer or the Wisconsin Public Service Commission may certify would have accrued during the prior Fiscal Year had the new rates been in effect during that entire immediately prior Fiscal Year.

b. The payments required to be made into the funds enumerated in Section 4 of this Resolution (including the Reserve Account, but not the Surplus Fund) must have been made in full.

c. The additional bonds must have debt service payments due on the 16th day of May and November of each year.

d. If the Parity Bonds are to be secured by the Reserve Account, the amount on deposit in the Reserve Account must be increased to an amount equal to the Reserve Requirement applicable upon the issuance of Parity Bonds as defined in Section 3 of this Resolution.

e. The proceeds of the additional bonds must be used only for the purpose of providing additions, extensions or improvements to the System, or to refund obligations issued for such purpose.

Section 12. Sale of Bonds. The Village shall sell and deliver the Bonds to the Government for the purchase price of \$805,000. The officers of the Village are authorized and

directed to do any and all acts necessary to conclude delivery of the Bonds to the Government, upon receipt of the purchase price, as soon after adoption of this Resolution as is convenient.

Section 13. Application of Bond Proceeds. All accrued interest received from the sale of the Bonds shall be deposited into the Special Redemption Fund. An amount sufficient to provide for the payment of the Refunded Obligations shall be deposited in a special account for that purpose. The balance of the proceeds, less the expenses incurred in authorizing, issuing and delivering the Bonds, shall be deposited in a special fund designated as "Sewer System Improvement Fund." Said special fund shall be adequately secured and used solely for the purpose of meeting costs of extending, adding to and improving the System, as described in the preamble hereof. The balance remaining in said Improvement Fund after paying said costs shall be transferred to the Special Redemption Fund for use in payment of principal of and interest on the Bonds.

Section 14. Amendment to Resolution. After the issuance of any of the Bonds, no change or alteration of any kind in the provisions of this Resolution may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged as herein provided, except:

a. The Village may, from time to time, amend this Resolution without the consent of any of the owners of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Resolution; and

b. This Resolution may be amended, in any respect, with the written consent of the owners of not less than two-thirds of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the Village; provided, however, that no amendment shall permit any change in the pledge of Revenues derived from the System, or in the maturity of any Bond issued hereunder, or a reduction in the rate of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

Section 15. Redemption and Graduation. At any time when the Government is the owner of any Bonds (a) Village may redeem, at its option from time to time, any or all of the outstanding Bonds, and (b) if it shall appear to the Government that the Village is able to refund upon call for redemption or with consent of the Government the then outstanding Bonds by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Village will upon request of the Government apply for and accept such loan in sufficient amount to pay the Government's loan (i.e., the Bonds) in full, and will take all such action as may be required in connection with such loan. This graduation requirement may not be altered by the defeasance of the Bonds.

Section 16. Defeasance. While the Government is the registered owner of the Bonds, the Village shall not defease the Bonds, nor borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the System, exclusive of

normal maintenance, without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the Bonds.

Section 17. Resolution Subject to Loan Resolution. So long as the Government is the owner of any of the Bonds, the Village and this Resolution shall be subject to the loan resolution authorizing this transaction, between the Government and the Village, a copy of which is available in the offices of the Village and subject to inspection during regular office hours by the owners of any of the Bonds.

Section 18. Investments and Arbitrage. Monies accumulated in any of the funds and accounts referred to in Sections 4 and 13 hereof which are not immediately needed for the respective purposes thereof, may be invested in legal investments subject to the provisions of Sec. 66.0603(1m), Wis. Stats., until needed. All income derived from such investments shall be credited to the fund or account from which the investment was made; provided, however, that at any time that the Reserve Requirement is on deposit in the Reserve Account, any income derived from investment of the Reserve Account shall be deposited into the Special Redemption Fund and used to pay principal and interest on the Bonds. A separate banking account is not required for each of the funds and accounts established under this Resolution; however, the monies in each fund or account shall be accounted for separately by the Village and used only for the respective purposes thereof. The proceeds of the Bonds shall be used solely for the purposes for which they are issued but may be temporarily invested until needed in legal investments. No such investment shall be made in such a manner as would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations of the Commissioner of Internal Revenue thereunder (the "Regulations").

An officer of the Village, charged with the responsibility for issuing the Bonds, shall, on the basis of the facts, estimates and circumstances in existence on the date of closing, make such certifications as are necessary to permit the conclusion that the Bonds are not "arbitrage bonds" under Section 148 of the Code or the Regulations.

Section 19. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Village and the owner or owners of the Bonds, and after issuance of any of the Bonds no change or alteration of any kind in the provisions of this Resolution may be made, except as provided in Section 14, until all of the Bonds have been paid in full as to both principal and interest. The owner or owners of any of the 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 such owner's or owners' rights against the Village, the governing body thereof, and any and all officers and agents thereof including, but without limitation, the right to require the Village, its governing body and any 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 20. Persons Treated as Owners; Transfer of Bonds. The Village Clerk 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 Village 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 President and Village 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 Village Clerk shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Village Clerk shall cancel any Bond surrendered for transfer.

The Village shall cooperate in any such transfer, and the President and Village 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 dates 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 Village at the close of business on the corresponding record date.

Section 21. Compliance with Federal Tax Laws. (a) The Village represents and covenants that the projects financed by the Bonds and the Refunded Obligations and their ownership, management and use will not cause the Bonds or the Refunded Obligations to be "private activity bonds" within the meaning of Section 141 of the Code. The Village 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 Village 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 Village Clerk or other officer of the Village charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the Village certifying that the Village can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The Village 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 Village will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws 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 22. Designation as Qualified Tax-Exempt Obligations. The Bonds are hereby designated as "qualified tax-exempt obligations" pursuant to Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Section 23. Redemption of Refunded Obligations. The Refunded Obligations are called for prior payment on May 16, 2012 or as soon as administratively possible thereafter at the price of par plus accrued interest to the date of redemption.

The Village Clerk is hereby directed to cause all actions necessary for the redemption of the Refunded Obligations on their redemption date. All actions heretofore taken by the officers and agents of the Village in furtherance of the redemption of the Refunded Obligations are approved.

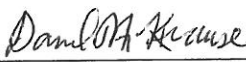
Section 24. Records. The Village Clerk shall provide and keep a separate record book and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds.

Section 25. Closing. The President and Village Clerk are hereby authorized and directed to execute and deliver the Bonds to the Purchaser thereof upon receipt of the purchase price. The President and Village Clerk may execute the Bonds by manual or facsimile signature, but, unless the Village has contracted with the Fiscal Agent to authenticate the Bonds, at least one of said officers shall sign the Bonds manually.


The officers of the Village hereby are directed and authorized to take all necessary steps to close the bond issue as soon as practicable hereafter, in accordance with the terms of sale thereof, and said officers are hereby authorized and directed to execute and deliver such documents, certificates and acknowledgments as may be necessary or convenient in accordance therewith.

Section 26. Conflicting Ordinances or Resolutions. All ordinances and resolutions other than the 2002 Resolution or orders, or parts thereof heretofore enacted, adopted or entered, in conflict with the provisions of this Resolution, are hereby repealed and this Resolution shall be in effect from and after its passage. In case of any conflict between this Resolution and the 2002 Resolutions, the 2002 Resolution shall control so long as any bonds of the Prior Bonds authorized by such resolution are outstanding.

Adopted and approved May 2, 2012.



President



Village Clerk

EXHIBIT A

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF WISCONSIN
CLARK AND MARATHON COUNTIES
VILLAGE OF DORCHESTER
SEWER SYSTEM MORTGAGE REVENUE BOND

<u>Number</u>	<u>Rate</u>	<u>Date of Original Issue</u>	<u>Amount</u>
R-1	2.75%	May 16, 2012	\$805,000

Registered Owner: United States of America, acting through Rural Development,
United States Department of Agriculture ("Government")

KNOW ALL MEN BY THESE PRESENTS that the Village of Dorchester, Clark and Marathon Counties, Wisconsin (the "Village") hereby acknowledges itself to owe and for value received promises to pay to the registered owner hereof from the fund hereinafter specified the sum of EIGHT HUNDRED FIVE THOUSAND DOLLARS (\$805,000) in eighty equal installments of principal and interest the amount of which shall be determined by (a) multiplying the amortization factor found in the United States Department of Agriculture, Rural Development Farm Service Agency, Amortization Tables, Publication No. 622, January 1982 for a loan with 80 payments, an interest rate equal to the interest rate on the Bond and a term of 40 years by the principal amount of the Bonds divided by 1000 and (b) rounding such product to the next highest whole dollar. The installments of principal and interest, in the amount of Sixteen Thousand Six Hundred Fifty-Six Dollars (\$16,656), shall be payable semiannually on the 16th day of May and November of each year until said sum is paid, commencing on November 16, 2012, with final payment due May 16, 2052. Both principal hereof and interest hereon are hereby made payable in lawful money of the United States of America to the registered owner hereof at the address shown on the registration book of the Village. The payment of the last installment of principal shall be made only upon presentation and surrender of this Bond to the Village.

At any time when the Government is the owner of any Bonds (a) the Village may redeem, at its option from time to time, any or all of the outstanding Bonds, and (b) if it shall appear to the Government that the Village is able to refund upon call for redemption or with consent of the Government the then outstanding Bonds, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Village will upon request of the Government apply for and accept such loan in sufficient amount to repay the Government and will take all such action as may be required in connection with such loans. Not less than thirty

(30) days notice of each prepayment shall be given stating the principal installments to be prepaid, the date of such prepayment and that said installments shall cease to bear interest after such date, which notice shall be mailed by registered mail to the registered owner of this Bond.

This Bond is transferable only upon the books of the Village kept for that purpose at the office of the Village Clerk, 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 Village Clerk duly executed by the registered owner or his duly authorized attorney. Thereupon a new Bond or Bonds of the same aggregate principal amount, series and maturity shall be issued to the transferee in exchange therefor. The Village may deem and treat the person 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 interest hereof and for all other purposes. The Bonds are issuable solely as negotiable, fully-registered Bonds without coupons.

This Bond has been designated by the Village as a "qualified tax-exempt obligation" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended.

This Bond is one of an issue aggregating \$805,000, issued for the purpose of paying the cost of additions, improvements and extensions to the Sewer System of the Village and refunding obligations of the Village issued to finance additions, improvements and extensions to the Village's Sewer System, pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 66.0621, Wisconsin Statutes, acts supplementary thereto and a Resolution adopted May 2, 2012, and entitled: "A Resolution Authorizing the Issuance and Sale of \$805,000 Sewer System Mortgage Revenue Bonds of the Village of Dorchester, Clark and Marathon Counties, Wisconsin, and Providing for the Payment of the Bonds and Other Details With Respect to the Bonds," and is payable only from the income and revenues derived from the operation of said Sewer System. Such revenues have been set aside and pledged as a special fund for that purpose and identified as the "Subordinate Debt Service Fund", created by the resolution referred to above. The Bonds are issued junior and subordinate to the Village's Water System and Sewer System Revenue Bonds, dated September 23, 2002. This Bond does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory debt limitation or provision.

A mortgage lien, which is hereby recognized as valid and binding on said Sewer System, together with all extensions and improvements thereto, has been granted by the Village to and in favor of the registered owner or owners of bonds of this issue of Bonds. The Sewer System shall remain subject to such mortgage lien until the payment in full of the principal of and interest on this Bond and the issue of which it forms a part.

It is hereby certified, recited and declared that all acts, conditions and things required 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 Village from the operation of its Sewer 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 Village of Dorchester, Clark and Marathon Counties, Wisconsin, has caused this Bond to be signed by its President and Village Clerk, and its corporate seal to be impressed hereon, all as of the date of original issue specified above.

COPY

VILLAGE OF DORCHESTER,
CLARK AND MARATHON COUNTIES,
WISCONSIN

(SEAL)

By _____
Village Clerk

COPY
By _____
President

EXHIBIT B

NOTICE OF MORTGAGE LIEN

The Village of Dorchester, Clark and Marathon Counties, Wisconsin (the "Municipality") has issued or will issue its \$805,000 Sewer System Mortgage Revenue Bonds (the "Bonds") and has granted to the United States of America, or registered assigns, as the registered owner or owners of the Bonds a mortgage lien on its Sewer System (the "System") as security for the payment of principal of and interest on the Bonds pursuant to Section 66.0621, Wisconsin Statutes. The mortgage lien has been granted pursuant to a resolution adopted by the governing body of the Municipality on May 2, 2012 (the "Resolution").

1. Property Subject to Mortgage. All property owned by the Municipality which is part of the System, together with all additions and improvements to the System, are subject to the mortgage lien. The real property affected by said mortgage lien is described on Schedule A hereto.

2. Term. The System shall remain subject to the mortgage lien until payment in full of the principal and interest on the Bonds. The final scheduled maturity of the Bonds is May 16, 2052.

3. Notice of Mortgage. This Notice of Mortgage Lien is made for the purpose of giving public notice of the mortgage lien and certain of its terms, covenants and conditions, and for no other purpose. The provisions of this Notice of Mortgage Lien shall not in any way change or affect the provisions of the Resolution or the mortgage granted thereunder, express reference to which is hereby made and the terms and conditions of which remain in full force and effect.

IN WITNESS WHEREOF, the Municipality has executed this Notice of Mortgage Lien as of the 2nd day of May, 2012.

VILLAGE OF DORCHESTER
CLARK AND MARATHON COUNTIES,
WISCONSIN

(SEAL)

By Dale H. Kause
President

By Sal Neins
Village Clerk

STATE OF WISCONSIN)
) ss.
COUNTY OF _____)

On this _____ day of _____, 20 __, before me, a Notary Public in and for said County, personally appeared _____ and _____, to me personally known, who being by me first duly sworn, did say that they are President and Village Clerk, respectively, of the Village of Dorchester, Clark and Marathon Counties, Wisconsin, the Municipality named in and which executed the within instrument, and that the seal (if any) affixed to said instrument is the seal of the Municipality, and that said instrument was signed and sealed on behalf of the Municipality by authority of its governing body and each acknowledged said instrument to be the free act and deed of said Municipality.

Notary Public, State of Wisconsin
My Commission:

(Notarial Seal)

SCHEDULE A

DESCRIPTION OF REAL ESTATE

The mortgage lien attaches to all property owned by the Village of Dorchester, Clark and Marathon Counties, Wisconsin which is part of its Sewer System. The real estate affected by the mortgage lien is described as follows:*

*If the System includes a treatment facility, pumping station or other major facility, insert the legal description of each parcel on which those facilities are located and add the phrase "and all rights-of-way and recorded easements, if any, constituting a part of the System". If the System consists only of Water or water mains, insert the following language "All rights-of-ways and recorded easements, if any, constituting a part of the System which are located on the following real estate", followed by the legal description of the quarter sections in which the System is located.