

The Village Clerk read the following resolution:

Resolution No. 117

A RESOLUTION AUTHORIZING THE VILLAGE OF OCONOMOWOC LAKE TO BORROW A SUM NOT TO EXCEED \$412,500 BY ISSUING GENERAL OBLIGATION PROMISSORY NOTES PURSUANT TO SECTION 67.12(12) OF THE WISCONSIN STATUTES AND AUTHORIZING THE SALE OF THE NOTES

WHEREAS the Village of Oconomowoc Lake, Waukesha County, Wisconsin (sometimes hereinafter called the "Village") is presently in need of the sum of not to exceed Four Hundred Twelve Thousand Five Hundred Dollars (\$412,500) for the public purpose of paying the cost of construction of a sewer project on South Beach Road (the "Project"); and

WHEREAS the Village Board deems it necessary and in the best interest of the Village that the monies needed for such purpose be borrowed by issuing general obligation promissory notes pursuant to the provisions of Section 67.12(12), Wis. Stats., upon the terms and conditions hereinafter provided; and

WHEREAS the Village has duly received bids for its proposed issue of General Obligation Promissory Notes (the "Notes"); and

WHEREAS it has been determined that the best bid received was that submitted by the bidder (the "Purchaser") whose bid is attached hereto as Exhibit A and incorporated herein by this reference (the "Proposal");

NOW, THEREFORE, BE IT RESOLVED by the Village Board of the Village of Oconomowoc Lake, Waukesha County, Wisconsin, that:

Section 1. Award. The bid of the Purchaser, for a purchase price equal to the par amount of the Notes, be and it hereby is accepted and the President and Village Clerk are authorized and directed to execute an acceptance of the offer of said successful bidder on behalf of the Village.

Section 2. The Notes. The President and Village Clerk shall make, execute and deliver the Notes to the Purchaser, for and on behalf of the Village. The Notes shall be issued in such principal amount, not to exceed \$412,500, which the Village Administrator determines is necessary to pay the cost of the Project. The Notes shall be negotiable, general obligation

promissory notes of the Village, registered as to both principal and interest, in the denomination of Five Hundred Dollars (\$500) each or whole multiples thereof, numbered from R-1 upward and dated June 1, 2005. The Notes shall bear interest at the rate per annum set forth in the Proposal and shall mature on June 1, 2015. The Notes shall be subject to mandatory redemption at the price of par plus accrued interest on June 1 of each of the years 2006 through 2015. Assuming the Notes are issued in the principal amount of \$375,000, they shall be subject to mandatory redemption in the amounts set forth on Exhibit B. If the principal amount of Notes issued is greater or less than \$375,000, the principal amount of each mandatory redemption shall be increased or decreased proportionately. The Notes to be so redeemed in each such year shall be selected by lot from among the Notes then outstanding. Notice of each such redemption shall be given in the manner and at the times specified in the note form established in Section 3 hereof.

Interest on the Notes shall be payable on June 1 and December 1 of each year, commencing June 1, 2006. 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 Notes shall be subject to call and prior payment at the option of the Village in whole or from time to time in part by lot on June 1, 2013 or any date thereafter at the price of par plus accrued interest to the date of redemption.

Section 3. Form of Notes. The Notes shall be in substantially the form attached hereto as Exhibit C and incorporated herein by this reference.

Section 4. Tax Provisions.

(A) Direct, Annual Irrepealable Tax. For the purpose of paying the principal of and interest on the Notes as the same become due, the full faith, credit and resources of the Village are hereby irrevocably pledged and there be and there hereby is levied on all the taxable property in the Village a direct, annual, irrepealable tax in the years 2005 through 2014 for payment of principal of and interest on the Notes in the years 2006 through 2015 in amounts sufficient to make such payments.

(B) Tax Collection. The Village shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Notes, said tax shall be, from year to year, carried into the tax rolls of the Village and collected as other taxes are collected, provided that the amount of tax carried into said tax rolls may be reduced in any year by the amount of any surplus money in the Debt Service Account created in Section 5(A) hereof.

(C) Additional Funds. If at any time there shall be on hand insufficient funds from the aforesaid tax levy to meet principal and/or interest payments on said Notes when due, the requisite amounts shall be paid from other funds of the Village then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 5. Debt Service Fund and Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the Village, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Sinking funds established for obligations previously issued by the Village may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there be and there hereby is established a separate and distinct account designated as the "Debt Service Account for 'General Obligation Promissory Notes,' dated June 1, 2005" (the "Debt Service Account") and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. The Village Treasurer shall deposit in such Debt Service Account (i) all accrued interest received by the Village at the time of delivery of and payment for the Notes; (ii) the taxes herein levied for the specific purpose of meeting principal of and interest on the Notes when due; (iii) proceeds of the collection of special assessments levied with respect to the project financed by the Notes; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Notes when due; (v) any premium which may be received by the Village above the par value of the Notes and accrued interest thereon; (vi) surplus monies in the Borrowed Money Fund as specified in Section 6 hereof; and (vii) such further deposits as may be required by Sec. 67.11, Wis. Stats.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Account and appropriated for any purpose other than the payment of principal of and interest on the Notes until all such principal and interest has been paid in full and canceled; provided (i) the funds to provide for each payment of principal of and interest on the Notes prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Notes may be used to reduce the next succeeding tax levy, or may, at the option of the Village, be invested by purchasing the Notes as permitted by and subject to Section 67.11(2)(a), Wis. Stats., in interest-bearing obligations of the United States of America, in other obligations of the Village or in other investments permitted by law, which investments shall continue to be a part of the Debt Service Account.

(C) Remaining Monies. When all of the Notes have been paid in full and canceled, and all permitted investments disposed of, any money remaining in the Debt Service Account shall be deposited in the general fund of the Village, unless the Village Board directs otherwise.

Section 6. Proceeds of the Notes. All monies received by the Village upon the delivery of the Notes to the Purchaser thereof, except for accrued interest and premium, if any, shall be deposited by the Village Treasurer into a special fund (the "Borrowed Money Fund") which shall be maintained separate and distinct from all other funds of the Village and shall be used for no purpose other than the purpose for which the Notes are issued. Monies in the Borrowed Money Fund may be temporarily invested as provided in Section 66.0603(1m), Wis. Stats. Any monies, including any income from permitted investments, remaining in the Borrowed Money Fund after the purpose for which the Notes have been issued has been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose shall be deposited in the Debt Service Account.

Section 7. No Arbitrage. All investments permitted by this resolution shall be legal investments, but no such investment shall be made in such a manner as would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"),

or the Regulations of the Commissioner of Internal Revenue thereunder (the "Regulations"); and an officer of the Village, charged with the responsibility for issuing the Notes, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of closing which will permit the conclusion that the Notes are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 8. Persons Treated as Owners; Transfer of Notes. The Village Clerk shall keep books for the registration and for the transfer of the Notes. The person in whose name any Note 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 Note 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 Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note 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 Note or Notes 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 Note surrendered for transfer.

The Village shall cooperate in any such transfer, and the President and Village Clerk are authorized to execute any new Note or Notes 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 Notes. Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the Village at the close of business on the corresponding record date.

Section 9. Compliance with Federal Tax Laws. (a) The Village represents and covenants that the projects financed by the Notes and their ownership, management and use will not cause the Notes 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 Notes 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 Notes) if taking, permitting or omitting to take such action would cause any of the Notes to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Notes 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 Notes 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 Notes provided that in meeting such requirements the Village will do so only to the extent consistent with the proceedings authorizing the Notes and the laws of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 10. Designation as Qualified Tax-Exempt Obligations. The Notes are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended, 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 11. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Notes, and future issues of obligations issued by the Village, eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), if the Village and the Purchaser of such Notes or obligations determine to utilize such services, the Village agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations attached hereto as Exhibit D and incorporated herein by this reference. The appropriate officers of the Village are authorized and directed to execute such Blanket Issuer Letter of Representations, in substantially

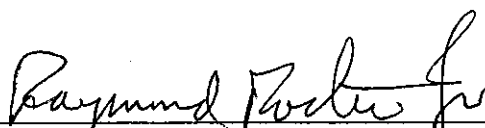
the form attached hereto as Exhibit D, and deliver it to DTC on behalf of the Village.

Section 12. 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 these Notes.

Section 13. Closing. The President and Village Clerk of the Village are hereby authorized and directed to execute and deliver the Notes to the Purchaser thereof upon receipt of the borrowed funds, accrued interest to date of delivery and premium, if any. The President and Village Clerk may execute the Notes by manual or facsimile signature, but at least one of said officers shall sign the Notes manually.

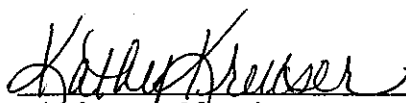
The officers of the Village are hereby directed and authorized to take all steps necessary or convenient to close this issue as soon as practicable hereafter, in accordance with the terms of sale thereof; and said officers are hereby authorized and directed to execute and deliver such documents, certificates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

Adopted, approved and recorded May 16, 2005.

  
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President

(SEAL)

Attest:

  
\_\_\_\_\_  
Village Clerk

Trustee Schinzer moved that Resolution No. 117 be adopted. Motion seconded by Trustee Steinbach and carried by the following vote:

Ayes: Trustee Owens, Trustee Steinbach, Trustee Birbaum, Trustee Kneiser  
Trustee Foster and Trustee Fischer

Nos:

The President declared the resolution adopted and approved and the President and Village Clerk signed same in the appropriate manner in open meeting.

(Here occurred business not pertinent to the note issue.)

There being no further business to come before the meeting, the meeting adjourned.

  
Village Clerk