

RESOLUTION NO. 2021-105

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF  
\$16,220,000 WATER SYSTEM AND SEWERAGE SYSTEM REVENUE BONDS,  
SERIES 2021 OF THE VILLAGE OF CALEDONIA, RACINE COUNTY, WISCONSIN,  
AND PROVIDING FOR THE PAYMENT OF THE BONDS AND  
OTHER DETAILS WITH RESPECT TO THE BONDS

WHEREAS, the Village of Caledonia, Racine County, Wisconsin (the "Village") owns and operates a Water System and a Sewerage System which are operated for public purposes as separate public utilities by the Village and which are hereby combined for the purposes of this financing (hereinafter, the Village's Water System and Sewerage System shall be referred to collectively as the "System"); and

WHEREAS, under the provisions of Section 66.0621, Wisconsin Statutes, 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 payable only from the income and revenues derived from any source by such utility and are secured by a pledge of the revenues of the utility; and

WHEREAS, pursuant to a resolution adopted on October 16, 2012 (as amended on August 26, 2013 to pledge both the revenues of the Water System and the revenues of the Sewerage System to the 2012 Bonds, the "2012 Resolution"), the Village has heretofore issued its Taxable Sewerage System Revenue Bonds, Series 2012, dated November 14, 2012 (the "2012 Bonds"), which bonds are payable from the income and revenues of the System; and

WHEREAS, pursuant to a resolution adopted on August 26, 2013 (the "2013 Resolution"), the Village has heretofore issued its Water System and Sewerage System Revenue Bonds, Series 2013C, dated October 2, 2013 (the "2013 Bonds"), which bonds are payable from the income and revenues of the System on a parity with the 2012 Bonds; and

WHEREAS, pursuant to a resolution adopted on June 20, 2016 (the "2016 Resolution"), the Village has heretofore issued its Water System and Sewerage System Revenue Bonds, Series 2016D, dated July 21, 2016 (the "2016 Bonds"), which bonds are payable from the income and revenues of the System on a parity with the 2012 Bonds and 2013 Bonds; and

WHEREAS, pursuant to a resolution adopted on September 18, 2017 (the "2017 Resolution"), the Village has heretofore issued its Water System and Sewerage System Revenue Bonds, Series 2017B, dated October 18, 2017 (the "2017 Bonds"), which bonds are payable from the income and revenues of the System on a parity with the 2012 Bonds, 2013 Bonds and 2016 Bonds; and

WHEREAS, pursuant to a resolution adopted on October 7, 2019 (the "2019 Resolution"), the Village has heretofore issued its Water System and Sewerage System Revenue Bonds, Series 2019, dated November 26, 2019 (the "2019 Bonds"), which bonds are payable from the income and revenues of the System on a parity with the 2012 Bonds, 2013 Bonds, 2016 Bonds and 2017 Bonds; and

WHEREAS, pursuant to a resolution adopted on August 17, 2020 (the "2020 Resolution"), the Village has heretofore issued its Water System and Sewerage System Revenue Refunding Bonds, Series 2020, dated September 15, 2020 (the "2020 Bonds"), which bonds are payable from the income and revenues of the System on a parity with the 2012 Bonds, 2013 Bonds, 2016 Bonds, 2017 Bonds and 2019 Bonds; and

WHEREAS, the 2012 Bonds, the 2013 Bonds, the 2016 Bonds, the 2017 Bonds, the 2019 Bonds and the 2020 Bonds shall collectively be referred to as the "Prior Bonds"; and

WHEREAS, the 2012 Resolution, the 2013 Resolution, the 2016 Resolution, the 2017 Resolution, the 2019 Resolution and the 2020 Resolution shall collectively be referred to as the "Prior Resolutions"; and

WHEREAS, the Village has determined that certain additions, improvements and extensions to the System (the "Project") are necessary to adequately supply the needs of the Village and the residents thereof; and

WHEREAS, it is necessary, desirable and in the best interests of the Village 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, Wisconsin Statutes, on a parity with the Prior Bonds; and

WHEREAS, the Prior Resolutions permit the issuance of additional bonds payable from revenues of the System on a parity with the Prior Bonds upon compliance with certain conditions; 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; and

WHEREAS, it is the finding of the Village Board that it is in the best interest of the Village to direct PMA Securities, LLC ("PMA") to take the steps necessary for the Village to offer and sell water system and sewerage system revenue bonds (the "Bonds") at public sale and to obtain bids for the purchase of the Bonds; and

WHEREAS, PMA, in consultation with the officials of the Village, prepared an Official Notice of Sale (a copy of which is attached hereto as Exhibit A and incorporated herein by this reference) setting forth the details of and the bid requirements for the Bonds and indicating that the Bonds would be offered for public sale on October 18, 2021; and

WHEREAS, the Village Clerk (in consultation with PMA) 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 October 18, 2021; and

WHEREAS, the Village has duly received bids for the Bonds as described on the Bid Tabulation attached hereto as Exhibit B 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 Village. PMA has recommended that the Village accept the Proposal. A copy of said Proposal submitted by such institution (the "Purchaser") is attached hereto as Exhibit C and incorporated herein by this reference.

NOW, THEREFORE, the Village Board of the Village of Caledonia, Racine County, Wisconsin, do resolve that:

Section 1A. Ratification of the Official Notice of Sale and Offering Materials. The Village Board of the Village hereby ratifies and approves the details of the Bonds set forth in Exhibit A attached hereto as and for the details of the Bonds. The Official Notice of Sale and any other offering materials prepared and circulated by PMA are hereby ratified and approved in all respects. All actions taken by officers of the Village and PMA 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. Authorization of Bonds. For the purpose of paying the cost of the Project, the Village shall borrow on the credit of the income and revenue of the System the sum of \$16,220,000. Negotiable, fully-registered bonds of the Village, in the denomination of \$5,000, or any whole multiple thereof, shall be issued in evidence thereof. The Bonds shall be designated "Water System and Sewerage System Revenue Bonds, Series 2021", shall be numbered from R-1 upward and shall be dated as of their date of issuance. 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 D-1 and incorporated herein by this reference.

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2022. 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 D-2 and incorporated herein by this reference (the "Schedule").

The Bonds maturing on May 1, 2032 and thereafter shall be subject to redemption prior to maturity, at the option of the Village, on May 1, 2031 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 Village and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

The schedule of maturities is found to be such that the amount of annual debt service payments is reasonable in accordance with prudent municipal utility practices.

Section 1C. Security for the Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the Village 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,

and shall be a valid claim of the registered owner or owners thereof only against the Debt Service Fund and the Revenues of the System pledged to such fund, on a parity with the pledge granted to the owners of the Prior Bonds. Sufficient revenues are hereby pledged to said Debt Service Fund, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Prior Bonds and the Bonds as the same becomes due.

Section 2. 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 E 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.

"DTC" means The Depository Trust Company, New York, New York, or any successor securities depository for the Village with respect to the Bonds.

"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.

"Operation and Maintenance Expenses" or "Current 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.

"Parity Bonds" means additional bonds or obligations issued on a parity as to the Reserve Account pledge and lien with the Bonds in accordance with the provisions of Section 7 of this Resolution.

"Reserve Requirement" means an amount, determined as of the date of issuance of the Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of the Bonds plus the amount permitted to be deposited therein from proceeds of the Bonds pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on the Bonds and outstanding obligations secured by the Reserve Account; and (c) 125% of average annual debt service on the Bonds and outstanding obligations secured by the Reserve Account. If Parity Bonds which are to be secured by the Reserve Account are issued, the Reserve Requirement shall mean an amount, determined as of the date of issuance of the

Parity Bonds, equal to 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 and Regulations; (b) the maximum annual debt service on 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.

"Regulations" means the Regulations of the Commissioner of Internal Revenue under the Code.

"Revenues" or "Gross Earnings" means all income and revenue derived from operation of the System, including the revenues received from the Village for services rendered to it, including those appropriated by the Village Board for services provided to the Village by the System and all moneys received from any other source, including all rentals and fees and any special assessments levied and collected in connection with the Project or projects financed by the Prior Bonds and income derived from investments.

"System" means the entire Water System and Sewerage System of the Village specifically including that portion of the Project owned by the Village and including all property of every nature now or hereafter owned by the Village for the extraction, collection, storage, treatment, transmission, distribution, metering and discharge of industrial and potable public water, the collection, transmission, treatment, storage, metering and disposal of domestic, industrial and public sewage, and the collection, detention, conveyance, processing, treatment and disposal of storm water, including all improvements and extensions thereto made by the Village while any of the Bonds and Parity Bonds remain outstanding, including all real and personal property of every nature comprising part of or used or useful in connection with such Water System and Sewerage System and including all appurtenances, contracts, leases, franchises and other intangibles.

Section 4A. Income and Revenue Funds. In accordance with Section 66.0621, Wisconsin Statutes, 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 Prior Bonds, the Bonds and Parity Bonds, certain funds of the System which were created and established by the 2012 Resolution, continued by the 2013 Resolution, the 2016 Resolution, the 2017 Resolution, the 2019 Resolution and the 2020 Resolution and are hereby continued and shall be used solely for the following respective purposes:

- (a) Sewerage System and Water System Revenue Fund, into which shall be deposited as received the Gross Earnings of the System, which money shall then be divided among the Operation and Maintenance Funds, the Debt Service Fund and the Surplus Fund in the amounts and in the manner set forth in Section 4B hereof and used for the purposes described below.
- (b) Sewerage System Operation and Maintenance Fund and Water System Operation and Maintenance Fund (the "Operation and Maintenance Funds"), which shall be used for the payment of Current Expenses.

- (c) Sewerage System and Water 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, the Bonds and Parity Bonds as the same becomes due.
- (d) Reserve Account, which was established by the 2013 Resolution within the Debt Service Fund which shall be used first to make up any deficiency in the Debt Service Fund and thereafter for the payment of the principal and interest on the 2013 Bonds, the 2016 Bonds, the 2017 Bonds, the 2019 Bonds, the 2020 Bonds and the Bonds and any Parity Bonds secured by the Reserve Account at any time when there shall be insufficient money in the Debt Service Account for said purpose. The monies on deposit in the Reserve Account do not secure the payment of principal of and interest on the 2012 Bonds, and at no time shall such monies be used to pay debt service on the 2012 Bonds.
- (e) Surplus Fund, which shall first be used whenever necessary to pay principal of, premium, if any, or interest on the Prior Bonds, the Bonds and Parity Bonds when the Debt Service Fund shall be insufficient for such purpose, and thereafter shall be disbursed as follows: (i) any time, to remedy any deficiency in any of the Funds provided this Section 4A hereof; (ii) any time from revenues of the respective public utility, to make payments to the City of Racine or the Village of Mount Pleasant under agreements the Village has entered into with such municipalities to provide services for such respective public utility; and (iii) money thereafter remaining in the Surplus Fund at the end of the 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 4B. Application of Revenues. After the delivery of the Bonds, the Gross Earnings 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:

- (a) to the Operation and Maintenance Funds, in an amount equal to the estimated Current Expenses for such month and for the following 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, the Bonds and any Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Prior Bonds, the Bonds and any Parity Bonds coming due during such Bond Year (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source);
- (c) to the Reserve Account, an amount equal to one-twelfth (1/12) of the Reserve Requirement but only at such times as the Reserve Account has been drawn on or the balance is less than the Reserve Requirement. No such payments need be made into the Reserve Account at such times as the monies in the Reserve

Account are equal to the highest remaining debt service requirements on the 2013 Bonds, the 2016 Bonds, the 2017 Bonds, the 2019 Bonds, the 2020 Bonds and the Bonds and any Parity Bonds secured by the Reserve Account; and

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

Transfers from the Revenue Fund to the Operation and Maintenance Funds, the Debt Service Fund, the Reserve Account and the Surplus Fund shall be made monthly not later than the tenth day of each month, and such transfer shall be applicable to monies on deposit in the Revenue Fund as of the last day of the month preceding. Any other transfers and deposits to any fund required or permitted by subsection (a) through (d) of this Section, except transfers or deposits which are required to be made immediately or annually, shall be made on or before the tenth 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 tenth 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 (including the Reserve Account) shall be sufficient in any event to pay the interest on the Prior Bonds, the Bonds and any Parity Bonds and to meet the Reserve Requirement, and the Village Treasurer shall each Fiscal Year deposit at least sufficient Revenues in the Debt Service Fund to pay promptly all principal and interest falling due on the Prior Bonds, the Bonds and Parity Bonds and to meet the Reserve Requirement.

Section 4C. Deposits and Investments. The Debt Service Fund shall be kept apart from monies in the other funds and accounts 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. All monies therein shall be deposited in special and segregated accounts in a public depository selected under Chapter 34, Wisconsin Statutes and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m), Wisconsin Statutes. The other funds herein created (except the Water System and Sewerage System Improvement Fund) may be combined in a single account in a public depository selected in the manner set forth above and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m), Wisconsin Statutes.

Section 5. Service to the Village. The reasonable cost and value of any service rendered to the Village by the System by furnishing water and sewerage services for public purposes, 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, and 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 1.25 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 4A of this Resolution. However, such payment is subject to (a) annual appropriations by the Village Board therefor, (b) approval of the Wisconsin Public Service Commission, or successors to its function, 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 and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 6. 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:

(a) The Village 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 collect and segregate the Revenues of the System and apply them to the respective funds and accounts described hereinabove;

(b) The Village 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 Board 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 Debt Service 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 Debt Service Fund;

(c) The Village 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;

(d) The Village 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 125% of the Annual Debt Service Requirement, and so that the Revenues of the System herein agreed to be set aside to provide for the 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;

(e) The Village 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;



(f) 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 statement of the Net Revenues of the System for such Fiscal Year; (3) a balance sheet as of the end of such Fiscal Year; (4) 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; (5) 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); (6) 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 (7) the volume of water used as the basis for computing the service charge. 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; and

(g) So long as any of the Bonds are outstanding the Village will carry for the benefit of the owners of the Bonds insurance of the kinds and in the amounts normally carried by private companies or other public bodies 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 4A of this Resolution. All money received for losses under any casualty policies 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 shall be deposited in the Debt Service Fund, but in that event such payments shall not reduce the amounts otherwise required to be paid into the Debt Service Fund.

Section 7. Additional Bonds. The Bonds are issued on a parity with 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. Additional obligations may be issued on a parity with the Bonds as to the pledge of Revenues of the System 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 obligations must have been equal to at least 1.25 times the highest annual principal and interest requirements on all Prior Bonds, Bonds and Parity Bonds outstanding payable from Revenues of the System (other than Prior Bonds, Bonds and Parity Bonds being refunded) and on the Parity 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 obligations or during that part of the Fiscal Year of issuance prior to such issuance, then Net 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 and accounts enumerated in Section 4A of this Resolution (including the Reserve Account, but not the Surplus Fund) must have been made in full.

c. The Parity Bonds must have principal maturing on May 1 of each year in which principal falls due and interest falling due on May 1 and November 1 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 Parity 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 8. 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 President and Village Clerk are authorized and directed to execute an acceptance of the offer of said successful bidder on behalf of the Village. The good faith deposit of the Purchaser shall be retained by the Village Treasurer until the closing of the bond issue, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned. The officers of the Village 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 9. Application of Bond Proceeds. All accrued interest received from the sale of the Bonds shall be deposited into the Debt Service Fund. An amount of proceeds of the Bonds needed to make the amount on deposit in the Reserve Account equal to the Reserve Requirement shall be deposited in the Reserve Account. 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 "Water System and Sewerage 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 Debt Service Fund for use in payment of principal of and interest on the Bonds.

Section 10. 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 11. Defeasance. When all Bonds have been discharged, all pledges, liens, covenants and other rights granted to the owners thereof by this Resolution shall cease. The Village may discharge all Bonds due on any date by depositing into a special account on or before that date a sum sufficient to pay the same in full; or if any Bonds should not be paid when due, it may nevertheless be discharged by depositing into a special account a sum sufficient to pay it in full with interest accrued from the due date to the date of such deposit. The Village, at its option, may also discharge all Bonds called for redemption on any date when they are prepayable according to their terms, by depositing into a special account on or before that date a sum sufficient to pay them in full, with the required redemption premium, if any, provided that notice of redemption has been duly given as required by this Resolution. The Village, at its option, may also discharge all Bonds of said issue at any time by irrevocably depositing in escrow with a suitable bank or trust company a sum of cash and/or bonds or securities issued or guaranteed as to principal and interest of the U.S. Government, or of a commission, board or other instrumentality of the U.S. Government, maturing on the dates and bearing interest at the rates required to provide funds sufficient to pay when due the interest to accrue on each of said Bonds to its maturity or, at the Village's option, if said Bond is prepayable to any prior date upon which it may be called for redemption, and to pay and redeem the principal amount of each such Bond at maturity, or at the Village's option, if said Bond is prepayable, at its earliest redemption date, with the premium required for such redemption, if any, provided that notice of the redemption of all prepayable Bonds on such date has been duly given or provided for. Upon such payment or deposit, in the amount and manner provided by this Section, all liability of the Village with respect to the Bonds shall cease, terminate and be completely discharged, and the owners thereof shall be entitled only to payment out of the money so deposited.

Section 12. Investments and Arbitrage. Monies accumulated in any of the funds and accounts referred to in Sections 4A and 9 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), Wisconsin Statutes, 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 Debt Service 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 13. 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 10, 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 14. 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 Village agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the Village Clerk or other authorized representative of the Village is authorized and directed to execute and deliver to DTC on behalf of the Village to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the Village Clerk's office.

Section 15. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by Zions Bancorporation, National Association, Chicago, Illinois, which is hereby appointed as the Village's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The Village hereby authorizes the President and Village Clerk or other appropriate officers of the Village to enter a Fiscal Agency Agreement between the Village and the Fiscal Agent. Such contract may provide, among other things, for the performance by the Fiscal Agent of the functions listed in Wis. Stats. Sec. 67.10(2)(a) to (j), where applicable, with respect to the Bonds.

Section 16. Persons Treated as Owners; Transfer of Bonds. The Village shall cause books for the registration and for the transfer of the Bonds to be kept by the Fiscal Agent. 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 Fiscal Agent, 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 Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent 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.

Section 17. Record Date. The fifteenth day of each calendar month next preceding each interest payment date shall be the record date for the Bonds (the "Record Date"). 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 Record Date.

Section 18. Compliance with Federal Tax Laws. (a) The Village represents and covenants that the projects financed by the Bonds and the ownership, management and use of the projects will not cause the Bonds 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 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 19. Official Statement. The Village Board hereby approves the Preliminary Official Statement with respect to the Bonds and deem 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 Village 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, the appropriate Village official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The Village Clerk

shall cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser.

Section 20. Undertaking to Provide Continuing Disclosure. The Village hereby covenants and agrees, for the benefit of the owners of the Bonds, to enter into a written undertaking (the "Undertaking") if required by the Rule 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 Village 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 President and Village Clerk, or other officer of the Village 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 Village's Undertaking.

Section 21. Record Book. The Village 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.

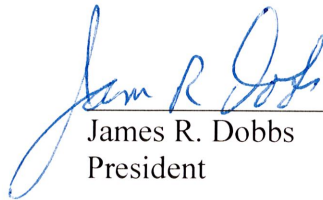
Section 22. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Bonds, the officers of the Village are authorized to take all actions necessary to obtain such municipal bond insurance. The President and Village Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the President and Village 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, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 23. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the Village by the manual or facsimile signatures of the President and Village Clerk, authenticated, if required, by the Fiscal Agent, sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the Village 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 Village 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 Village hereby authorizes the officers and agents of the Village 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 24. Conflicting Ordinances or Resolutions. All prior ordinances, resolutions (other than the Prior Resolutions), rules, 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 Prior Resolutions, the Prior Resolutions shall control so long as any of the respective Prior Bonds are outstanding.

Adopted, approved and recorded October 18, 2021.

  
James R. Dobbs  
President

ATTEST:

  
Joslyn M. Hoeffert  
Village Clerk

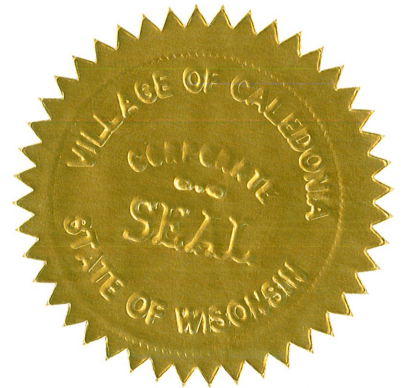


EXHIBIT A

Official Notice of Sale

To be provided by PMA Securities, LLC and incorporated into the Resolution.

(See Attached)



EXHIBIT B

Bid Tabulation

To be provided by PMA Securities, LLC and incorporated into the Resolution.

(See Attached)

EXHIBIT C

Winning Bid

To be provided by PMA Securities, LLC and incorporated into the Resolution.

(See Attached)

EXHIBIT D-1

Pricing Summary

To be provided by PMA Securities, LLC and incorporated into the Resolution.

(See Attached)

EXHIBIT D-2

Debt Service Schedule

To be provided by PMA Securities, LLC and incorporated into the Resolution.

(See Attached)

EXHIBIT E

(Form of Bond)

REGISTERED UNITED STATES OF AMERICA DOLLARS  
STATE OF WISCONSIN  
RACINE COUNTY  
NO. R-\_\_\_\_ VILLAGE OF CALEDONIA \$\_\_\_\_\_  
WATER SYSTEM AND SEWERAGE SYSTEM REVENUE  
BOND, SERIES 2021

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:  
May 1, \_\_\_\_\_, 2021 \_\_\_\_\_%

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ THOUSAND DOLLARS  
(\$\_\_\_\_\_)

FOR VALUE RECEIVED, the Village of Caledonia, Racine County, Wisconsin (the "Village"), 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 May 1, 2022 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 Zions Bancorporation, National Association, Chicago, Illinois (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, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Village, on May 1, 2031 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Village 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 \$16,220,000, issued for the purpose of paying the cost of additions, improvements and extensions to the Water System and Sewerage System of the Village, pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 66.0621, Wisconsin Statutes, acts supplementary thereto and a Resolution adopted October 18, 2021, and entitled: "A Resolution Authorizing the Issuance and Sale of \$16,220,000 Water System and Sewerage System Revenue Bonds, Series 2021 of the Village of Caledonia, Racine County, Wisconsin, and Providing for the Payment of the Bonds and Other Details With Respect to the Bonds" (the "Resolution") and is payable only from the income and revenues of said Water System and Sewerage System. Such revenues have been set aside and pledged as a special fund for that purpose and identified as "Debt Service Fund", created by a resolution adopted by the Village on October 16, 2012, amended on August 26, 2013 and continued by the Resolution. The Bonds are issued on a parity with the Village's Taxable Sewerage System Revenue Bonds, Series 2012, dated November 14, 2012, Water System and Sewerage System Revenue Bonds, Series 2013C, dated October 2, 2013, Water System and Sewerage System Revenue Bonds, Series 2016D, dated July 21, 2016, Water System and Sewerage System Revenue Bonds, Series 2017B, dated October 18, 2017, Water System and Sewerage System Revenue Bonds, Series 2019, dated November 26, 2019 and Water System and Sewerage System Revenue Refunding Bonds, Series 2020, dated September 15, 2020. This Bond does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory debt limitation or provision.

This Bond is transferable only upon the books of the Village 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 Village 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 Village 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 Village 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.

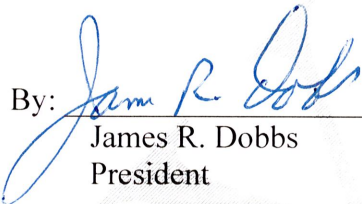
It is hereby certified, recited and declared that all conditions, things and acts required by law to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; and that sufficient of the income and revenue to be received by said Village from the operation of its Water System and Sewerage 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.

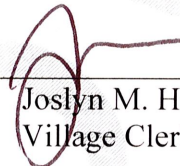
This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Fiscal Agent.

IN WITNESS WHEREOF, the Village of Caledonia, Racine 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 President and Village Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

VILLAGE OF CALEDONIA,  
RACINE COUNTY, WISCONSIN



By:  \_\_\_\_\_  
James R. Dobbs  
President

By:  \_\_\_\_\_  
Joslyn M. Hoeffert  
Village Clerk



Date of Authentication: \_\_\_\_\_, \_\_\_\_\_

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue authorized by the within-mentioned Resolution of the Village of Caledonia, Racine County, Wisconsin.

ZIONS BANCORPORATION,  
NATIONAL ASSOCIATION,  
CHICAGO, ILLINOIS

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

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)