Date: January 7, 2010

To: Laurie Sullivan
City Finance and Economic Development Director (E-Mail and Hard Copy)

From: Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Item For The January 12, 2010 Stoughton Finance Committee Meeting Packet.

The agenda item will be referred from the January 11, 2010 Stoughton Utilities Committee Meeting and is requested to be referred from the January 12, 2010 Stoughton Finance Committee Meeting.

Agenda:

1. Resolution Authorizing The Issuance And Sale Of Up To $613,751 Waterworks System Revenue Bonds, Series 2010, And Providing For Other Details And Covenants With Respect Thereto, And Approval Of Related $1,227,502 Financial Assistance Agreement, And Consideration And Acceptance Of The Engagement Letter With Quarles And Brady. **(Review, discuss, approve, and recommend the approval of the documents related to the financing of the Stoughton Utilities East Water Project to the Stoughton Finance Committee and the Stoughton Common Council on January 12, 2010.)**

Encl.

cc: Mayor Jim Griffin, Chairperson
Stoughton Utilities Committee (E-Mail)

Luann J. Alme
City Clerk and Personnel Director

Sean O Grady
Stoughton Utilities Operations Superintendent (Transmittal Memo)

Kim M. Jennings, CPA
Stoughton Utilities Finance and Administrative Manager (Transmittal Memo)

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF UP TO $613,751 WATERWORKS SYSTEM REVENUE BONDS, SERIES 2010,
AND PROVIDING FOR OTHER DETAILS AND
COVENANTS WITH RESPECT THERETO

WHEREAS, the City of Stoughton, Dane County, Wisconsin (the "Municipality") owns and operates a waterworks system (the "System") which is operated for a public purpose as a public utility by the Municipality; and

WHEREAS, pursuant to Resolution No. R-2-03 adopted by the Common Council of the Municipality (the "Governing Body") on March 25, 2003 (the "2003 Resolution"), the Municipality has heretofore issued its Waterworks System Mortgage Revenue Bonds, dated April 1, 2003 (the "2003 Bonds"), which 2003 Bonds are payable from the income and revenues of the System; and

WHEREAS, pursuant to Resolution No. R-27-06 adopted by the Governing Body on November 14, 2006 (the "2006 Resolution"), the Municipality has heretofore issued its Waterworks System Mortgage Revenue Bonds, dated November 15, 2006 (the "2006 Bonds"), which 2006 Bonds are payable from the income and revenues of the System; and

WHEREAS, the 2003 Bonds and the 2006 Bonds shall be referred to collectively as the "Prior Bonds" and the 2003 Resolution and the 2006 Resolution shall be referred to collectively as the "Prior Resolutions"; and

WHEREAS, certain improvements to the System are necessary to meet the needs of the Municipality and the residents thereof, consisting of the construction of a project (the "Project") assigned Safe Drinking Water Loan Program Project No. 5403-01 by the Department of Natural Resources, and as described in the Department of Natural Resources approval letter for the plans and specifications of the Project, or portions thereof, issued under Section 281.41, Wisconsin Statutes, assigned No. W-2009-0410 and dated May 14, 2009 by the DNR; and

WHEREAS, under the provisions of Chapter 66, Wisconsin Statutes any municipality may, by action of its governing body, provide for purchasing, acquiring, constructing, extending, adding to, improving, operating and managing a public utility from the proceeds of bonds, which bonds are to be payable only from the revenues received from any source by such utility, including all rentals and fees; and

WHEREAS, the Municipality deems it to be necessary, desirable and in its best interest to authorize and sell waterworks system revenue bonds of the Municipality payable solely from the revenues of the System, pursuant to the provisions of Section 66.0621, Wisconsin Statutes, to pay the cost of the Project; and

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

WHEREAS, other than the Prior Bonds, no bonds or obligations payable from the revenues of the System are now outstanding.

NOW, THEREFORE, be it resolved by the Governing Body of the Municipality that:

Section 1. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by implication requires otherwise:

(a) "Act" means Section 66.0621, Wisconsin Statutes;

(b) "Bond Registrar" means the Municipal Treasurer which shall act as Paying Agent for the Bonds;

(c) "Bonds" means the $613,751 Waterworks System Revenue Bonds, Series 2010, of the Municipality dated their date of issuance, authorized to be issued by this Resolution;

(d) "Bond Year" means the twelve-month period ending on each May 1;

(e) "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 shall exclude depreciation, debt service, tax equivalents and capital expenditures;

(f) "Debt Service Fund" means the Waterworks System Revenue Bond and Interest Special Redemption Fund of the Municipality, which shall be the "special redemption fund" as such term is defined in the Act;

(g) "Financial Assistance Agreement" means the Financial Assistance Agreement by and between the State of Wisconsin by the Department of Natural Resources and the Department of Administration and the Municipality pursuant to which the Bonds are to be issued and sold to the State, substantially in the form attached hereto and incorporated herein by this reference;

(h) "Fiscal Year" means the twelve-month period ending on each December 31;

(i) "Governing Body" means the Common Council, or such other body as may hereafter be the chief legislative body of the Municipality;

(j) "Gross Earnings" means the gross earnings of the System, including earnings of the System derived from waterworks charges imposed by the Municipality, all payments to the Municipality under any service agreements between the Municipality and any contract users of the System, and any other monies received from any source including all rentals and fees and any special assessments levied and collected in connection with the Project;

(k) "Municipal Treasurer" means the Treasurer of the Municipality who shall act as Bond Registrar and Paying Agent;

(l) "Municipality" means the City of Stoughton, Dane County, Wisconsin;

(m) "Net Revenues" means the Gross Earnings of the System after deduction of Current Expenses;

(n) "Parity Bonds" means bonds payable from the revenues of the System other than the Bonds but issued on a parity and equality with the Bonds pursuant to the restrictive provisions of Section 11 of this Resolution;

(o) "Prior Bonds" means the 2003 Bonds and 2006 Bonds, collectively;

(p) "Prior Resolutions" means the 2003 Resolution and 2006 Resolution, collectively;

(q) "Project" means the Project described in the preamble to this Resolution. All elements of the Project are to be owned and operated by the Municipality as part of the System as described in the preamble hereto;

(r) "Record Date" means the close of business on the fifteenth day of the calendar month next preceding any principal or interest payment date;

(s) "System" means the entire waterworks system of the Municipality specifically including that portion of the Project owned by the Municipality and including all property of every nature now or hereafter owned by the Municipality for the collection, treatment, storage and distribution of water, including all improvements and extensions thereto made by the Municipality 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 waterworks system and including all appurtenances, contracts, leases, franchises, and other intangibles;

(t) "2003 Bonds" means the Municipality's Waterworks System Mortgage Revenue Bonds, dated April 1, 2003;

(u) "2003 Resolution" means Resolution No. R-2-03 adopted by the Governing Body on March 25, 2003 authorizing the issuance of the 2003 Bonds;

(v) "2006 Bonds" means the Municipality's Waterworks System Mortgage Revenue Bonds, dated November 15, 2006; and

(w) "2006 Resolution" means Resolution No. R-27-06 adopted by the Governing Body on November 14, 2006, authorizing the issuance of the 2006 Bonds.

Section 2. Authorization of the Bonds and the Financial Assistance Agreement. For the purpose of paying the cost of the Project (including legal, fiscal, engineering and other expenses), there shall be borrowed on the credit of the income and revenue of the System up to the sum of $613,751; and fully registered revenue bonds of the Municipality are authorized to be issued in evidence thereof and sold to the State of Wisconsin Safe Drinking Water Loan Program in accordance with the terms and conditions of the Financial Assistance Agreement, which is incorporated herein by this reference and the Mayor and City Clerk of the Municipality are hereby authorized, by and on behalf of the Municipality, to execute the Financial Assistance Agreement.

Section 3. Terms of the Bonds. The Bonds shall be designated "Waterworks System Revenue Bonds, Series 2010" (the "Bonds"); shall be dated their date of issuance; shall be numbered one and upward; shall bear interest at the rate of 2.668% per annum; shall be issued in denominations of $0.01 or any integral multiple thereof; and shall mature on the dates and in the amounts as set forth in Exhibit B of the Financial Assistance Agreement and in the Bond form attached hereto as Exhibit A as it is from time to time adjusted by the State of Wisconsin based upon the actual draws made by the Municipality. Interest on the Bonds shall be payable commencing on May 1, 2010 and semiannually thereafter on May 1 and November 1 of each year. The Bonds shall not be subject to redemption prior to maturity except as provided in the Financial Assistance Agreement.

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

Section 4. Form, Execution, Registration and Payment of the Bonds. The Bonds shall be issued as registered obligations in substantially the form attached hereto as Exhibit A and incorporated herein by this reference.

The Bonds shall be executed in the name of the Municipality by the manual signatures of the Mayor and City Clerk, and shall be sealed with its official or corporate seal, if any.

The principal of, premium, if any, and interest on the Bonds shall be paid by the Municipal Treasurer, who is hereby appointed as the Municipality's Bond Registrar.

Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America by the Bond Registrar. Payment of principal of the final maturity on the Bond will be payable upon presentation and surrender of the Bond to the Bond Registrar. Payment of principal on the Bond (except the final maturity) and each installment of interest shall be made to the registered owner of each Bond who shall appear on the registration books of the Municipality, maintained by the Bond Registrar, on the Record Date and shall be paid by check or draft of the Municipality and mailed to such registered owner at his or its address as it appears on such registration books or at such other address may be furnished in writing by such registered owner to the Bond Registrar.

Section 5. Security for the Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the Municipality nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Debt Service Fund hereinafter created and established, and shall be a valid claim of the registered owner or owners thereof only against such Debt Service Fund and the revenues of the System pledged to such fund, on a parity with the pledge granted to the holders 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, the Bonds and any Parity Bonds as the same becomes due.

Section 6. Funds and Accounts. In accordance with the Act, for the purpose of the application and proper allocation of the revenues of the System, and to secure the payment of the principal of and interest on the Prior Bonds, the Bonds and Parity Bonds, certain funds of the System which were created by an ordinance adopted May 14, 1963 and are hereby continued to be used solely for the following respective purposes:

(a) Waterworks System Revenue Fund (the "Revenue Fund"), into which shall be as received the Gross Earnings of the System, which money shall then be divided among the Operation and Maintenance Fund, the Debt Service Fund, the Depreciation Fund and the Surplus Fund in the amounts and in the manner set forth in Section 7 hereof and used for the purposes described below.

(b) Waterworks System Operation and Maintenance Fund (the "Operation and Maintenance Fund"), which shall be used for the payment of Current Expenses.

(c) Waterworks 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. The Bond Reserve Fund created by the Prior Resolutions for the Prior Bonds is not pledged to the payment of principal of or interest on the Bonds, and moneys in the Bond Reserve Fund shall under no circumstances be used to pay principal of or interest on the Bonds.

(d) Waterworks System Depreciation Fund (the "Depreciation Fund"), which shall be used to provide a proper and adequate depreciation account for the System.

(e) Surplus Fund, which shall first be used when necessary to meet requirements of the Operation and Maintenance Fund including the one month reserve, the Debt Service Fund, the Bond Reserve Fund 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), Wisconsin Statutes and money remaining thereafter may be transferred to any of the funds or accounts provided for in this section.

Section 7. 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 Fund, in an amount equal to the estimated Current Expenses for such month and, if not needed to remedy any deficiency in the Debt Service Fund, 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), and any amounts required by the Prior Resolutions to fund the Bond Reserve Fund;

(c) to the Depreciation Fund, an amount determined by the Governing Body to be sufficient to provide a proper and adequate depreciation account for the System; 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 Fund, the Debt Service Fund, the Depreciation Fund 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 Governing Body that the amounts transferred from the Revenue Fund and deposited in the 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.

Section 8. Deposits and Investments. The Debt Service Fund shall be kept apart from monies in the other funds and accounts of the Municipality 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 Waterworks System SDWLP Project 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 9. Service to the Municipality. The reasonable cost and value of services rendered to the Municipality by the System by furnishing waterworks services for public purposes shall be charged against the Municipality and shall be paid in monthly installments as the service accrues, out of the current revenues of the Municipality collected or in the process of collection, exclusive of the revenues derived from the System; that is to say, out of the tax levy of the Municipality made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the Municipality in each year shall be equal to an amount which, together with other revenues of the System, will produce in each Bond Year Net Revenues equivalent to not less than the annual principal and interest requirements on the Prior Bonds, the Bonds, any Parity Bonds and any other obligations payable from the revenues of the System then outstanding, times the greater of (i) 110% or (ii) the highest debt service coverage ratio required with respect to any obligations payable from revenues of the System then outstanding. However, such payment out of the tax levy shall be subject to (a) approval of the Public Service Commission, or successors to its function, if applicable, (b) yearly appropriations therefor, and (c) applicable levy limitations, if any; and neither this Resolution nor such payment shall be construed as constituting an obligation of the Municipality to make any such appropriation over and above the reasonable cost and value of the services rendered to the Municipality and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 10. Operation of System; Municipality Covenants. It is covenanted and agreed by the Municipality with the owner or owners of the Bonds, and each of them, that the Municipality will perform all of the obligations of the Municipality as set forth in the Financial Assistance Agreement.

Section 11. Additional Bonds. The Bonds are issued on a parity with the Prior Bonds as to the pledge of revenues of the System. 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 the lien and pledge is junior and subordinate to that of the Bonds. Parity Bonds may be issued only under the following circumstances:

(a) Additional Parity Bonds may be issued for the purpose of completing the Project and for the purpose of financing costs of the Project which are ineligible for payment under the State of Wisconsin Safe Drinking Water Loan Program. However, such additional Parity Bonds shall be in an aggregate amount not to exceed 20% of the face amount of the Bonds; or

(b) Additional Parity Bonds may also be issued if all of the following conditions are met:

(1) The Net Revenues of the System for the Fiscal Year immediately preceding the issuance of such additional bonds must have been in an amount at least equal to the maximum annual interest and principal requirements on all bonds outstanding payable from the revenues of the System, and on the bonds then to be issued, times the greater of (i) 1.10 or (ii) the highest debt service coverage ratio to be required with respect to the Additional Parity Bonds to be issued or any other obligations payable from the revenues of the System then

outstanding. Should an increase in permanent rates and charges, including those made to the Municipality, 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 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.

(2) The payments required to be made into the funds enumerated in Section 6 of this Resolution must have been made in full.

(3) The additional bonds must have principal maturing on May 1 of each year and interest falling due on May 1 and November 1 of each year.

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

Section 12. Sale of Bonds. The sale of the Bonds to the State of Wisconsin Safe Drinking Water Loan Program for the purchase price of up to $613,751 and at par, is ratified and confirmed; and the officers of the Municipality are authorized and directed to do any and all acts, including executing the Financial Assistance Agreement and the Bonds as hereinabove provided, necessary to conclude delivery of the Bonds to said purchaser, as soon after adoption of this Resolution as is convenient. The purchase price for the Bonds shall be paid upon requisition therefor as provided in the Financial Assistance Agreement, and the officers of the Municipality are authorized to prepare and submit to the State requisitions and disbursement requests in anticipation of the execution of the Financial Assistance Agreement and the issuance of the Bonds.

Section 13. Application of Bond Proceeds. The proceeds of the sale of the Bonds shall be deposited by the Municipality into a special fund designated as "Waterworks System SDWLP Project Fund." The Waterworks System SDWLP Project Fund shall be used solely for the purpose of paying the costs of the Project as more fully described in the preamble hereof and in the Financial Assistance Agreement. Moneys in the Waterworks System SDWLP Project Fund shall be disbursed within three (3) business days of their receipt from the State of Wisconsin and shall not be invested in any interest-bearing account.

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 Municipality may, from 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 a written consent of the owners of not less than two-thirds (2/3) of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the

Municipality; provided, however, that no amendment shall permit any change in the pledge of revenues derived from the System or 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. Defeasance. When all Bonds have been discharged, all pledges, covenants and other rights granted to the owners thereof by this Resolution shall cease. The Municipality may discharge all Bonds due on any date 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 Municipality'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 Municipality'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.

Section 16. Rebate Fund. Unless the Bonds are exempt from the rebate requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the Municipality shall establish and maintain, so long as the Bonds and any Parity Bonds are outstanding, a separate account to be known as the "Rebate Fund." The sole purpose of the Rebate Fund is to provide for the payment of any rebate liability with respect to the Bonds under the relevant provisions of the Code and the Treasury Regulations promulgated thereunder (the "Regulations"). The Rebate Fund shall be maintained by the Municipality until all required rebate payments with respect to the Bonds have been made in accordance with the relevant provisions of the Code and the Regulations.

The Municipality hereby covenants and agrees that it shall pay to the United States from the Rebate Fund, at the times and in the amounts and manner required by the Code and the Regulations, the portion of the "rebate amount" (as defined in Section 1.148-3(b) of the Regulations) that is due as of each "computation date" (within the meaning of Section 1.148-3(e) of the Regulations). As of the date of this Resolution, the provisions of the Regulations specifying the required amounts of rebate installment payments and the time and manner of such payments are contained in Sections 1.148-3(f) and (g) of the Regulations, respectively. Amounts held in the Rebate Fund and the investment income therefrom are not pledged as security for the Bonds or any Parity Bonds and may only be used for the payment of any rebate liability with respect to the Bonds.

The Municipality may engage the services of accountants, attorneys or other consultants necessary to assist it in determining the rebate payments, if any, owed to the United States with respect to the Bonds. The Municipality shall maintain or cause to be maintained records of determinations of rebate liability with respect to the Bonds for each computation date until six (6) years after the retirement of the last of the Bonds. The Municipality shall make such records available to the State of Wisconsin upon reasonable request therefor.

Section 17. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Municipality 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 Municipality, the Governing Body thereof, and any and all officers and agents thereof including, but without limitation, the right to require the Municipality, its Governing Body and 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 18. Continuing Disclosure. The officers of the Municipality are hereby authorized and directed, if requested by the State of Wisconsin, to provide to the State of Wisconsin Safe Drinking Water Loan Program and to such other persons or entities as directed by the State of Wisconsin such ongoing disclosure regarding the Municipality's financial condition and other matters, at such times and in such manner as the Safe Drinking Water Loan Program may require, in order that securities issued by the Municipality and the State of Wisconsin satisfy rules and regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and as it may be amended from time to time, imposed on brokers and dealers of municipal securities before the brokers and dealers may buy, sell, or recommend the purchase of such securities.

Section 19. Conflicting Resolutions. All ordinances, resolutions (other than the Prior Resolutions), 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 as long as any of the respective Prior Bonds are outstanding.

Passed: January 12, 2010

Approved: January 12, 2010

_____
James S. Griffin
Mayor

Attest:

_____
Luann J. Alme
City Clerk

EXHIBIT A

(Form of Municipal Obligation)

REGISTERED NO. _____	UNITED STATES OF AMERICA STATE OF WISCONSIN DANE COUNTY CITY OF STOUGHTON	REGISTERED $_____

WATERWORKS SYSTEM REVENUE BOND, SERIES 2010

Final Maturity Date	Date of Original Issue
May 1, 2029	_____, 20__

REGISTERED OWNER: STATE OF WISCONSIN SAFE DRINKING WATER LOAN PROGRAM

COPY

FOR VALUE RECEIVED the City of Stoughton, Dane County, Wisconsin (the "Municipality") hereby acknowledges itself to owe and promises to pay to the registered owner shown above, or registered assigns, solely from the fund hereinafter specified, the principal sum of an amount not to exceed _____ DOLLARS ($_____) (but only so much as shall have been drawn hereunder, as provided below) on May 1 of each year commencing May 1, 2011 until the final maturity date written above, together with interest thereon (but only on amounts as shall have been drawn hereunder, as provided below) from the dates the amounts are drawn hereunder or the most recent payment date to which interest has been paid, at the rate of 2.668% per annum, calculated on the basis of a 360-day year made up of twelve 30-day months, such interest being payable on the first days of May and November of each year, with the first interest being payable on May 1, 2010.

The principal amount evidenced by this Bond may be drawn upon by the Municipality in accordance with the Financial Assistance Agreement entered by and between the Municipality and the State of Wisconsin by the Department of Natural Resources and the Department of Administration including capitalized interest transferred (if any). The principal amounts so drawn shall be repaid in installments on May 1 of each year commencing on May 1, 2011 in an amount equal to an amount which when amortized over the remaining term of this Bond plus current payments of interest (but only on amounts drawn hereunder) at Two and 668/1000ths percent (2.668%) per annum shall result in equal annual payments of the total of principal and the semiannual payments of interest. The State of Wisconsin Department of Administration shall record such draws and corresponding principal repayment schedule on a cumulative basis in the format shown on the attached Schedule A.

Both principal and interest hereon are hereby made payable to the registered owner in lawful money of the United States of America. On the final maturity date, principal of this Bond shall be payable only upon presentation and surrender of this Bond at the office of the Municipal Treasurer. Principal hereof (except the final maturity) and interest hereon shall be payable by electronic transfer or by check or draft dated on or before the applicable payment date and mailed from the office of the Municipal Treasurer to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month next preceding such interest payment date.

The Bonds shall not be redeemable prior to their maturity, except with the consent of the registered owner.

This Bond is transferable only upon the books of the Municipality kept for that purpose at the office of the Municipal Treasurer, by the registered owner in person or its duly authorized attorney, upon surrender of this Bond, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Municipal Treasurer, duly executed by the registered owner or its duly authorized attorney. Thereupon a replacement Bond shall be issued to the transferee in exchange therefor. The Municipality 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. This Bond is issuable solely as a negotiable, fully-registered bond, without coupons, and in denominations of $0.01 or any integral multiple thereof.

This Bond is issued for the purpose of providing for the payment of the cost of constructing improvements to the Waterworks System of the Municipality, pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 66.0621, Wisconsin Statutes, and a resolution adopted January 12, 2010, and entitled: "Resolution Authorizing the Issuance and Sale of Up to $613,751 Waterworks System Revenue Bonds, Series 2010, and Providing for Other Details and Covenants With Respect Thereto" and is payable only from the income and revenues derived from the operation of the Waterworks System of the Municipality (the "Utility"). The Bonds are issued on a parity with the Municipality's Waterworks System Mortgage Revenue Bonds, dated April 1, 2003 and Waterworks System Mortgage Revenue Bonds, dated November 15, 2006, as to the pledge of income and revenues of the Utility. This Bond does not constitute an indebtedness of said Municipality within the meaning of any constitutional or statutory debt limitation or provision.

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 Municipality from the operation of its Utility 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 Municipality has caused this Bond to be signed by the signatures of its Mayor and City Clerk, and its corporate seal to be impressed hereon, all as of the date of original issue specified above.

CITY OF STOUGHTON,
WISCONSIN

(SEAL)

By:_____
James S. Griffin
Mayor

By:_____
Luann J. Alme
City Clerk

COPY

(Form of Assignment)

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

_____

_____

_____

(Please print or typewrite name and address, including zip code, of Assignee)

Please insert Social Security or other identifying number of Assignee

_____

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing

_____

Attorney to transfer said Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated:_____

_____

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

Signature(s) guaranteed by

_____

SCHEDULE A

$613,751

CITY OF STOUGHTON, WISCONSIN
WATERWORKS SYSTEM REVENUE BONDS, SERIES 2010

Amount of Disburse-ment	Date of Disbursement	Series of Bonds	Principal Repaid	Principal Balance

SCHEDULE A (continued)

PRINCIPAL REPAYMENT SCHEDULE

Date	Principal Amount
May 1, 2011	$25,224.10
May 1, 2012	25,897.08
May 1, 2013	26,588.02
May 1, 2014	27,297.39
May 1, 2015	28,025.68
May 1, 2016	28,773.41
May 1, 2017	29,541.08
May 1, 2018	30,329.24
May 1, 2019	31,138.42
May 1, 2020	31,969.19
May 1, 2021	32,822.13
May 1, 2022	33,697.83
May 1, 2023	34,596.88
May 1, 2024	35,519.93
May 1, 2025	36,467.60
May 1, 2026	37,440.56
May 1, 2027	38,439.47
May 1, 2028	39,465.03
May 1, 2029	40,517.96

EXHIBIT A

(Form of Municipal Obligation)

REGISTERED NO. _____	UNITED STATES OF AMERICA STATE OF WISCONSIN DANE COUNTY CITY OF STOUGHTON	REGISTERED $_____

WATERWORKS SYSTEM REVENUE BOND, SERIES 2010

Final Maturity Date	Date of Original Issue
May 1, 2029	_____, 20__

REGISTERED OWNER: STATE OF WISCONSIN SAFE DRINKING WATER LOAN PROGRAM

FOR VALUE RECEIVED the City of Stoughton, Dane County, Wisconsin (the "Municipality") hereby acknowledges itself to owe and promises to pay to the registered owner shown above, or registered assigns, solely from the fund hereinafter specified, the principal sum of an amount not to exceed _____ DOLLARS ($_____) (but only so much as shall have been drawn hereunder, as provided below) on May 1 of each year commencing May 1, 2011 until the final maturity date written above, together with interest thereon (but only on amounts as shall have been drawn hereunder, as provided below) from the dates the amounts are drawn hereunder or the most recent payment date to which interest has been paid, at the rate of 2.668% per annum, calculated on the basis of a 360-day year made up of twelve 30-day months, such interest being payable on the first days of May and November of each year, with the first interest being payable on May 1, 2010.

The principal amount evidenced by this Bond may be drawn upon by the Municipality in accordance with the Financial Assistance Agreement entered by and between the Municipality and the State of Wisconsin by the Department of Natural Resources and the Department of Administration including capitalized interest transferred (if any). The principal amounts so drawn shall be repaid in installments on May 1 of each year commencing on May 1, 2011 in an amount equal to an amount which when amortized over the remaining term of this Bond plus current payments of interest (but only on amounts drawn hereunder) at Two and 668/1000ths percent (2.668%) per annum shall result in equal annual payments of the total of principal and the semiannual payments of interest. The State of Wisconsin Department of Administration shall record such draws and corresponding principal repayment schedule on a cumulative basis in the format shown on the attached Schedule A.

Both principal and interest hereon are hereby made payable to the registered owner in lawful money of the United States of America. On the final maturity date, principal of this Bond shall be payable only upon presentation and surrender of this Bond at the office of the Municipal Treasurer. Principal hereof (except the final maturity) and interest hereon shall be payable by electronic transfer or by check or draft dated on or before the applicable payment date and mailed from the office of the Municipal Treasurer to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month next preceding such interest payment date.

The Bonds shall not be redeemable prior to their maturity, except with the consent of the registered owner.

This Bond is transferable only upon the books of the Municipality kept for that purpose at the office of the Municipal Treasurer, by the registered owner in person or its duly authorized attorney, upon surrender of this Bond, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Municipal Treasurer, duly executed by the registered owner or its duly authorized attorney. Thereupon a replacement Bond shall be issued to the transferee in exchange therefor. The Municipality 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. This Bond is issuable solely as a negotiable, fully-registered bond, without coupons, and in denominations of $0.01 or any integral multiple thereof.

This Bond is issued for the purpose of providing for the payment of the cost of constructing improvements to the Waterworks System of the Municipality, pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 66.0621, Wisconsin Statutes, and a resolution adopted January 12, 2010, and entitled: "Resolution Authorizing the Issuance and Sale of Up to $613,751 Waterworks System Revenue Bonds, Series 2010, and Providing for Other Details and Covenants With Respect Thereto" and is payable only from the income and revenues derived from the operation of the Waterworks System of the Municipality (the "Utility"). The Bonds are issued on a parity with the Municipality's Waterworks System Mortgage Revenue Bonds, dated April 1, 2003 and Waterworks System Mortgage Revenue Bonds, dated November 15, 2006, as to the pledge of income and revenues of the Utility. This Bond does not constitute an indebtedness of said Municipality within the meaning of any constitutional or statutory debt limitation or provision.

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 Municipality from the operation of its Utility 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 Municipality has caused this Bond to be signed by the signatures of its Mayor and City Clerk, and its corporate seal to be impressed hereon, all as of the date of original issue specified above.

CITY OF STOUGHTON,
WISCONSIN

(SEAL)

By:_____
James S. Griffin
Mayor

By:_____
Luann J. Alme
City Clerk

(Form of Assignment)

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

_____

_____

_____

(Please print or typewrite name and address, including zip code, of Assignee)

Please insert Social Security or other identifying number of Assignee

_____

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing

_____

Attorney to transfer said Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated:_____

_____

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

Signature(s) guaranteed by

_____

SCHEDULE A

$613,751

CITY OF STOUGHTON, WISCONSIN
WATERWORKS SYSTEM REVENUE BONDS, SERIES 2010

Amount of Disburse-ment	Date of Disbursement	Series of Bonds	Principal Repaid	Principal Balance

SCHEDULE A (continued)

PRINCIPAL REPAYMENT SCHEDULE

Date	Principal Amount
May 1, 2011	$25,224.10
May 1, 2012	25,897.08
May 1, 2013	26,588.02
May 1, 2014	27,297.39
May 1, 2015	28,025.68
May 1, 2016	28,773.41
May 1, 2017	29,541.08
May 1, 2018	30,329.24
May 1, 2019	31,138.42
May 1, 2020	31,969.19
May 1, 2021	32,822.13
May 1, 2022	33,697.83
May 1, 2023	34,596.88
May 1, 2024	35,519.93
May 1, 2025	36,467.60
May 1, 2026	37,440.56
May 1, 2027	38,439.47
May 1, 2028	39,465.03
May 1, 2029	40,517.96

State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

WISCONSIN
DEPT. OF NATURAL RESOURCES

Jim Doyle, Governor
Matthew J. Frank, Secretary

101 S. Webster St.
Box 7921
Madison, Wisconsin 53707-7921
Telephone 608-266-2621
FAX 608-267-3579
TTY Access via relay - 711

December 30, 2009

MR. ROBERT KARDASZ, DPW
CITY OF STOUGHTON
600 S. FOURTH STREET
STOUGHTON WI 53589

SUBJECT: Safe Drinking Water Loan Program, Project No. 5403-01
Construct Storage & Connecting Main, Modify SCADA
Financial Assistance Agreement – January 27, 2010

Dear Mr. Kardasz:

Your project manager prepared the following loan closing documents for your Safe Drinking Water Loan Program (SDWLP) project:

1. SDWLP Loan Closing Schedule - Attachment 1
2. Financial Assistance Agreement Summary/Distribution Sheet - Attachment 2
3. Financial Assistance Agreement (FAA)

To close the loan on January 27, 2010, we need to follow the Loan Closing Schedule (Attachment 1).

The City of Stoughton has three (3) working days upon receipt of wired SDWLP funds to:

1. Pay the project invoices identified in the SDWLP disbursement request;

2. Reimburse an internal municipal account from which eligible project costs were paid. This reimbursement must adhere to current U.S. Treasury Regulations; or

3. Disburse payments to the bank or financial institution for projects that are being refinanced.

Execution of the FAA creates a binding obligation in all respects. Any negotiation of terms and conditions or determinations must occur prior to adoption of the Municipal Obligation Resolution and execution of the enclosed document.

The Project Manager Summary Page (Exhibit F of the FAA) further explains certain assumptions and decisions affecting preparation of your FAA.

Please contact your project manager, Navin Jarugumilli, at 608-267-0490 for further assistance with execution of the FAA, Request for Disbursement (Form 8700-215) and other SDWLP closing documents.

Thank you for your interest in the Safe Drinking Water Loan Program.

Sincerely,

Mary Rose Teves, Acting Director
Bureau of Community Financial Assistance

MRT:nj
Attachments
cc: Jim Witthuhn – DG/5 (w/attachments 1 & 2)
Rebecca Speckhard, Quarles & Brady - Milwaukee (w/attachments)
Mike Forslund, Strand Associates, Inc. - Madison (w/attachments 1, 2, & Exhibits A & F)
A. Heintz – DOA/10 - Electronic Copy
Bernie Robertson - SCR/Fitchburg - Electronic Copy

ATTACHMENT #1

Safe Drinking Water Loan Program Project No. 5403-01
American Recovery and Reinvestment Act Assistance
City of Stoughton
Construct Storage & Connecting Main, Modify SCADA
Financial Assistance Agreement
Closing Schedule

By 12/30/2009:

-- Department of Natural Resources (DNR) project manager distributes Financial Assistance Agreement (FAA) to Quarles & Brady and municipality for review.

By 1/6/2010:

-- Quarles & Brady distributes draft Municipal Obligation Resolution and other bond documents to the City of Stoughton, Department of Administration (DOA) for review.

By 1/8/2010:

-- Municipality submits Request for Disbursement (Form 8700-215) with supporting invoices for first disbursement.

By 1/12/2010:

-- Municipality holds properly noticed meeting at which time:

1. Municipal Obligation Resolution is adopted
2. Bond/Note related documents are signed by municipal officials
3. DNR FAA is signed by municipal officials

NOTE: *Most documents must be signed by Highest Elected Official & Clerk/Secretary and some documents must have municipal seal applied.*

By 1/13/2010:

-- 1. Municipality <u>immediately</u> returns FAA to DNR for countersigning by DNR.
2. Municipality delivers signed & sealed Resolution & other bond/note documents to Quarles & Brady.

By 1/22/2010:

-- Quarles & Brady sends final signed and sealed bond/note documents <u>and legal opinion</u> to DOA.

1/27/2010:

-- Loan Closing Day. Quarles & Brady contacts DOA to confirm closing and DOA wire transfers the first disbursement to municipal bank account.

ATTACHMENT #2

Safe Drinking Water Loan Program Project No. 5403-01
American Recovery and Reinvestment Act Assistance
City of Stoughton
Construct Storage & Connecting Main, Modify SCADA
Financial Assistance Agreement Summary/Distribution Sheet

FINANCIAL ASSISTANCE INFO

Total Project Amount $1,353,662

Principal Forgiveness Amount $613,751 Net SDWLP Loan Amount $613,751

Internal Funding $126,160

Pledge: Revenue Lien Priority: Senior Parity

Composite Interest Rate: 2.668%

DOCUMENT INFO

Anticipated Date of Municipal Obligation Resolution – 1/12/2010

CLOSING INFO

Estimated Reimbursement: $76,606

DISTRIBUTION

Department of Natural Resources
Navin Jarugumilli
Bureau of Community Financial Assistance
101 South Webster, 2nd Floor
PO Box 7921
Madison WI 53707-7921
608-267-0490
FAX – 608-267-0496

Department of Administration
Aaron Heintz
DOA – Environmental Improvement Fund
101 East Wilson Street, 10th Floor
PO Box 7864
Madison WI 53707-7864
608-266-0739
FAX – 608-266-7645

Municipality
Mr. Robert Kardasz, Director Of Public Works
City of Stoughton
600 S. Fourth Street
Stoughton WI 53589
608-873-3379
FAX – 608-873-4878

Engineering Firm
Mr. Mike Forslund
Strand Associates, Inc.
910 West Wingra Drive
Madison WI 53715-1943
608-251-4843
FAX – 608-251-8655

Municipal Bond Counsel
Ms. Rebecca A Speckhard, Attorney
Quarles & Brady
411 East Wisconsin Avenue
Milwaukee WI 53202-4497
414-277-5000
FAX – 414-271-3552

RETURN INSTRUCTIONS

- ✓ Sign the Financial Assistance Agreement (FAA) at your municipal meeting on JANUARY 12, 2010
- ✓ Return the FAA to your DNR Project Manager. Choose a delivery method that will get the FAA to DNR within two days after your meeting date (by JANUARY 14, 2010).

Returning the FAA to DNR immediately is important. This allows your project manager enough time to obtain signatures at DOA and DNR and to provide copies to your bond counsel to include in the bond transcript prior to the loan closing.

The DNR postal address is:

NAVIN JARUGUMILLI
DEPARTMENT OF NATURAL RESOURCES - CF/2
COMMUNITY FINANCIAL ASSISTANCE
PO BOX 7921
MADISON WI 53707-7921

The DNR street address for overnight delivery services is:

NAVIN JARUGUMILLI - 2nd Floor ---- RECOMMENDED
DEPARTMENT OF NATURAL RESOURCES
COMMUNITY FINANCIAL ASSISTANCE
101 S. WEBSTER ST.
MADISON WI 53703

The general telephone number for the DNR Bureau of Community Financial Assistance is (608) 266-7555.

State of Wisconsin
Department of Natural Resources
Bureau of Community Financial Assistance
101 South Webster Street
PO Box 7921
Madison, Wisconsin 53707-7921
(608) 266-7555

STATE OF WISCONSIN SAFE DRINKING WATER LOAN PROGRAM
AMERICAN RECOVERY AND REINVESTMENT ACT ASSISTANCE

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF ADMINISTRATION

and

CITY OF STOUGHTON

$1,227,502 With $613,751 PRINCIPAL FORGIVENESS

FINANCIAL ASSISTANCE AGREEMENT

Dated as of January 27, 2010

This constitutes a **Financial Assistance Agreement** under the State of Wisconsin's Safe Drinking Water Loan Program. This agreement is awarded pursuant to ss. 281.59 and 281.61, Wis. Stats. The purpose of this agreement is to award financial assistance from the Safe Drinking Water Loan Program. This agreement also discloses the terms and conditions of this award.

This agreement is only effective when signed by authorized officers of the municipality and an authorized officer of the State of Wisconsin Department of Natural Resources and State of Wisconsin Department of Administration.

The Department of Natural Resources and the Department of Administration may rescind or terminate this agreement if the municipality fails to comply with the terms and conditions contained within. Any determination or certification made in this agreement by the Department of Natural Resources or the Department of Administration is made solely for the purpose of providing financial assistance under the Safe Drinking Water Loan Program.

Municipal Identification No. 13281
Safe Drinking Water Loan Program Project No. 5403-01

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS; RULES OF INTERPRETATION

Section 1.01.	Definitions	2
Section 1.02.	Rules of Interpretation	5

ARTICLE II
REPRESENTATIONS

Section 2.01.	Representations of the SDWLP	6
Section 2.02.	Representations of the Municipality	6

ARTICLE III
LOAN PROVISIONS

Section 3.01.	Loan Clauses	11
Section 3.02.	Municipal Obligations Amortization	11
Section 3.03.	Type of Municipal Obligation and Security	12
Section 3.04.	Sale and Redemption of Municipal Obligations	12
Section 3.05.	Disbursement of Financial Assistance	12
Section 3.06.	Remedies	13
Section 3.07.	Security for the Municipal Obligations	15
Section 3.08.	Effective Date and Term	15

ARTICLE IV
CONSTRUCTION OF THE PROJECT

Section 4.01.	Insurance	16
Section 4.02.	Construction of the Project	16
Section 4.03.	Performance Bonds	16
Section 4.04.	Completion of the Project	16
Section 4.05.	Payment of Additional Project Costs	17
Section 4.06.	No Warranty Regarding Condition, Suitability or Cost of Project	17

ARTICLE V
COVENANTS

Section 5.01.	Application of Financial Assistance	18
Section 5.02.	Operation and Maintenance	18
Section 5.03.	Compliance with Law	18
Section 5.04.	Public Ownership	18
Section 5.05.	Establishment of Project Accounts; Audits	18
Section 5.06.	Records	18
Section 5.07.	Project Areas	19
Section 5.08.	Engineering Inspection	19
Section 5.09.	Tax Covenants	19
Section 5.10.	User Fee Covenant	19
Section 5.11.	Notice of Impaired System	20
Section 5.12.	Hold Harmless	20
Section 5.13.	Nondiscrimination Covenant	20

Section 5.14.	Employees	20
Section 5.15.	Adequate Funds	20
Section 5.16.	Management	20
Section 5.17.	Reimbursement	20
Section 5.18.	Unpaid User Fees	21
Section 5.19.	Rebates	21
Section 5.20.	Maintenance of Legal Existence	21
Section 5.21.	Federal Single Audit	21
Section 5.22.	Wage Rate Requirements	21
Section 5.23.	ARRA Logo Requirement	21
Section 5.24.	Buy American Requirements	21
Section 5.25.	ARRA Requirements	22
Section 5.26.	Federal Project	22

ARTICLE VI
MISCELLANEOUS

Section 6.01.	Notices	23
Section 6.02.	Binding Effect	23
Section 6.03.	Severability	23
Section 6.04.	Amendments, Supplements and Modifications	23
Section 6.05.	Execution in Counterparts	23
Section 6.06.	Applicable Law	24
Section 6.07.	Benefit of Financial Assistance Agreement	24
Section 6.08.	Further Assurances	24
Section 6.09.	Assignment of Municipal Obligations	24
Section 6.10.	Covenant by Municipality as to Compliance with General Resolution	24
Section 6.11.	Termination	24
Section 6.12.	Rescission	24
Section 6.13.	Award of Additional Principal Forgiveness	25

EXHIBIT A	PROJECT BUDGET SHEET SUMMARY
EXHIBIT B	LOAN AMORTIZATION SCHEDULE
EXHIBIT C	LOAN DISBURSEMENT TABLE
EXHIBIT D	OPERATING CONTRACTS
EXHIBIT E	DISADVANTAGED BUSINESS ENTERPRISES CONTRACT UTILIZATION
EXHIBIT F	PROJECT MANAGER SUMMARY PAGE
EXHIBIT G	BUY AMERICAN AND WAGE RATE COMPLIANCE CERTIFICATION
EXHIBIT H	LIST OF FEDERAL LAWS AND AUTHORITIES

WITNESSETH:

WHEREAS, this is a FINANCIAL ASSISTANCE AGREEMENT (the "FAA"), dated January 27, 2010, between the STATE OF WISCONSIN Safe Drinking Water Loan Program (the "SDWLP"), by the Department of Natural Resources (the "DNR") and the Department of Administration (the "DOA"), acting under authority of ss. 281.59 and 281.61, Wis. Stats., as amended (the "Act"), and the City of Stoughton, a municipality within the meaning of the Act, duly organized and existing under the laws of the State of Wisconsin (the "Municipality"); and

WHEREAS, the United States, pursuant to the Federal Safe Drinking Water Act Amendments of 1996 (the "Safe Drinking Water Act"), requires each state to establish a drinking water revolving loan fund to be administered by an instrumentality of the state before the state may receive capitalization grants for eligible projects from the United States Environmental Protection Agency (the "EPA"), or any successor which may succeed to the administration of the program established by the Safe Drinking Water Act; and

WHEREAS, the State of Wisconsin has, pursuant to ss. 281.59 and 281.61, Wis. Stats., established the SDWLP to be used in part for purposes of the Safe Drinking Water Act; and

WHEREAS, the State of Wisconsin has, pursuant to s. 25.43, Wis. Stats., established a State of Wisconsin Environmental Improvement Fund which includes the SDWLP; and

WHEREAS, DNR and DOA have the joint responsibility to provide SDWLP financial assistance to municipalities for the construction of eligible drinking water projects, all as set forth in the Act; and

WHEREAS, the Municipality has submitted to DNR an application for financial assistance (the "Application") for a project (the "Project"), DNR has approved the Application, and determined the Application meets DNR criteria for Project eligibility established in applicable state statutes and regulations; and

WHEREAS, DNR has determined that the Municipality and the Project are not ineligible for financial assistance under s. 281.61(2g), Wis. Stats.; and

WHEREAS, DOA has determined the SDWLP will provide financial assistance to the Municipality by making a loan (the "Loan") pursuant to s. 281.59(9), Wis. Stats., for the purposes of that subsection and providing Principal Forgiveness; and

WHEREAS, the Municipality has pledged the security, if any, required by DOA, and the Municipality has demonstrated to the satisfaction of DOA the financial capacity to ensure sufficient revenues to operate and maintain the Project for its useful life and to pay debt service on the obligations it issues for the Project; and

WHEREAS, the Municipality certifies to the SDWLP that it has created a dedicated source of revenue, for repayment of the Municipal Obligations; and

WHEREAS, approval of facility plans or engineering reports and Plans and Specifications for the Project has been obtained by the Municipality from DNR subject to the provisions of applicable State environmental standards set forth in law, rules and regulations;

NOW, THEREFORE, in consideration of the promises and of the mutual representations, covenants and agreements herein set forth, the SDWLP and the Municipality, each binding itself, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I
DEFINITIONS; RULES OF INTERPRETATION

Section 1.01. Definitions The following capitalized terms as used in this FAA shall have the following meanings:

"Act" means ss. 281.59 and 281.61, Wis. Stats., as amended.

"Application" means the written application of the Municipality dated April 30, 2009, for financial assistance under the Act.

"ARRA" means the federal American Recovery and Reinvestment Act of 2009.

"Bonds" means bonds or notes issued by the State pursuant to the General Resolution, all or a portion of the proceeds of which shall be applied to make the Loan.

"Business Day" means any day on which State offices are open to conduct business.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor provisions.

"DNR" means the State of Wisconsin Department of Natural Resources and any successor entity.

"DOA" means the State of Wisconsin Department of Administration and any successor entity.

"EPA" means the United States Environmental Protection Agency or any successor entity that may succeed to the administration of the program established by the Safe Drinking Water Act.

"FAA" means this Financial Assistance Agreement.

"Final Completion" means the Project construction is complete, DNR or agents thereof have certified that the Project was constructed according to DNR approved Plans and Specifications and that the facilities are operating according to design, and DNR has completed all necessary Project closeout procedures.

"Financial Assistance" means any proceeds provided under this Financial Assistance Agreement in the form of a Loan of which part of the Loan principal will be forgiven.

"Financial Assistance Agreement" means this Financial Assistance Agreement between the SDWLP by DNR, DOA and the Municipality as the same may be amended from time to time in accordance with Section 6.04 hereof.

"General Resolution" means the Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission, as such may from time to time be amended or supplemented by Series Resolutions or Supplemental Resolutions in accordance with the terms and provisions of the General Resolution.

"Loan" means the loan or loans made by the SDWLP to the Municipality of which a portion of the principal will be forgiven pursuant to this FAA.

"Loan Disbursement Table" means the table, the form of which is included as Exhibit C hereto, with columns for inserting the following information for the portion of the Loan which is to be repaid with interest:

(a) amount of each disbursement,
(b) date of each disbursement,

(c) the series of Bonds from which each disbursement is made,
(d) principal amounts repaid,
(e) outstanding principal balance.

"Municipal Obligation Counsel Opinion" means the opinion of counsel satisfactory to DOA, issued in conjunction with the Municipal Obligations, stating that:

(a) the FAA and the performance by the Municipality of its obligations thereunder have been duly authorized by all necessary action by the governing body of the Municipality, and the FAA has been duly executed and delivered by the Municipality;

(b) the Municipal Obligations have been duly authorized, executed and delivered by the Municipality and sold to the SDWLP;

(c) each of the FAA and the Municipal Obligations constitutes a legal, valid and binding obligation of the Municipality, enforceable against the Municipality in accordance with its respective terms (provided that enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that its enforcement may also be subject to the exercise of judicial discretion in appropriate cases);

(d) the Municipal Obligations constitute special obligations of the Municipality secured as to payment of principal, interest and redemption price by the pledged revenues as set forth therein;

(e) interest on the Municipal Obligations is not included in gross income of the owners thereof for federal income taxation purposes under existing laws, regulations, rulings and judicial decisions;

(f) the Municipal Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code and the arbitrage regulations; and

(g) the Municipal Obligations are not "private activity bonds" as defined in Section 141(a) of the Code.

"Municipal Obligation Resolution" means that action taken by the governing body of the Municipality authorizing the issuance of the Municipal Obligations.

"Municipal Obligations" means the bonds or notes issued and delivered by the Municipality to the SDWLP, a specimen copy of which is included in the Municipal Obligations transcript in exchange for the portion of the Loan which is not subject to Principal Forgiveness.

"Municipality" means City of Stoughton, a "local governmental unit" within the meaning of the Act, duly organized and existing under the laws of the State, and any successor entity.

"Parity Obligations" means the Municipality's $520,000 Waterworks System Mortgage Revenue Bonds, dated April 1, 2003, the $1,925,000 Waterworks System Mortgage Revenue Bonds, dated November 15, 2006, and any other obligations issued on a parity with the Municipal Obligations pursuant to the restrictive provisions of Section 11 of the Municipal Obligation Resolution.

"Plans and Specifications" means the Project design plans and specifications assigned No. W-2009-0410, approved by DNR on May 14, 2009, as the same may be amended or modified from time to time in accordance with this FAA.

Principal Forgiveness" means Financial Assistance received in the form of forgiveness of Loan principal amount pursuant to the Act, ARRA, Regulations, and this FAA of which no repayment thereof shall be required except as may be required per the Act, ARRA, Regulations, or this FAA. The amount of principal forgiveness available for this Project as of the date of this FAA is $613,751.

"Progress payments" means payments for work in place and materials or equipment that have been delivered or are stockpiled in the vicinity of the construction site. This includes payments for undelivered specifically manufactured equipment if: (1) designated in the specifications, (2) could not be readily utilized or diverted to another job and (3) a fabrication period of more than 6 months is anticipated.

"Project" means the project assigned SDWLP Project No. 5403-01 by DNR, described in the Project Manager Summary Page (Exhibit F), and further described in the DNR approval letter(s) for the Plans and Specifications, or portions thereof, issued under s. 281.41, Wis. Stats.

"Project Costs" means the costs of the Project that are eligible for financial assistance from the SDWLP under the Act, which are allowable costs under the Regulations, which have been incurred by the Municipality, an estimate of which is set forth in Exhibit A hereto and made a part hereof.

"Regulations" means chs. NR 166, NR 809 and NR 811, Wis. Adm. Code, the regulations of DNR, and ch. Adm. 35, Wis. Adm. Code, the regulations of DOA, adopted pursuant to and in furtherance of the Act, as such may be adopted or amended from time to time.

"Safe Drinking Water Act" means the federal Safe Drinking Water Act, 42 U.S.C. 300f to 300j-26.

"SDWLP" means State of Wisconsin Safe Drinking Water Loan Program, established pursuant to ss. 281.59 and 281.61, Wis. Stats., and managed and administered by DNR and DOA.

"Series Resolution" or "Supplemental Resolution" shall have the meaning set forth in the General Resolution.

"State" means the State of Wisconsin.

"Substantial Completion" means the point in time when the Project is operational or capable of being operated.

"Trustee" means the trustee appointed by the State pursuant to the General Resolution and any successor trustee.

"User Fees" means fees charged or to be charged to users of the Project or the Water System of which the Project is a part pursuant to the Water Rates or otherwise.

"Water Diversion Permit" means a DNR permit issued to the Municipality under s. 30.18(2), Wis. Stats., to divert water from a stream or lake in Wisconsin.

"Water Rates" means a charge or system of charges levied on users of a water system for the user's proportional share of the revenue requirement of a water system which consists of operation and maintenance expenses, depreciation, taxes and return on investment.

"Water System" means all structures, conduits and appurtenances by means of which water is delivered to consumers except piping and fixtures inside buildings served and service pipes from buildings to street mains.

Section 1.02. Rules of Interpretation Unless the context clearly indicates to the contrary, the following rules shall apply to the context of this FAA:

(a) Words importing the singular number shall include the plural number and vice versa, and one gender shall include all genders.

(b) All references herein to particular articles or sections are references to articles or sections of this FAA.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this FAA nor shall they affect its meaning, construction or effect.

(d) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this FAA refer to the FAA in its entirety and not the particular article or section of this FAA in which they appear, and the term "hereafter" means after, and the term "heretofore" means before, the date of delivery of this FAA.

(e) All accounting terms not otherwise defined in this FAA have the meanings assigned to them in accordance with generally accepted accounting principles, and all computations provided for herein shall be made in accordance with generally accepted accounting principles.

ARTICLE II
REPRESENTATIONS

Section 2.01. Representations of the SDWLP The SDWLP represents and warrants as follows:

(a) The State is authorized to issue the Bonds in accordance with the Act and the General Resolution and to use the proceeds thereof to provide funds for the Financial Assistance provided to the Municipality to undertake and complete the Project.

(b) The SDWLP has complied with the provisions of the Act and has full power and authority to execute and deliver this FAA and to consummate the transactions contemplated hereby and perform its obligations hereunder.

(c) The SDWLP is not in violation of any of the provisions of the Constitution or laws of the State which would affect its powers referred to in the preceding paragraph (b).

(d) Pursuant to ss. 281.59 and 281.61, Wis. Stats., the SDWLP is authorized to execute and deliver the FAA and to take actions, and make determinations that are required of the SDWLP under the terms and conditions of the FAA.

(e) The execution and delivery by the SDWLP of this FAA and the consummation of the transactions contemplated by this FAA shall not violate any indenture, mortgage, deed of trust, note, agreement or other contract or instrument to which the State is a party or by which it is bound, or to the best of the SDWLP's knowledge, any judgment, decree, order, statute, rule or regulation applicable to the SDWLP, and all consents, approvals, authorizations and orders of governmental or regulatory authorities that are required for the consummation of the transactions contemplated thereby have been obtained.

(f) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the knowledge of the SDWLP, threatened against or affecting the SDWLP, or to the knowledge of the SDWLP, any basis therefore, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or which, in any way, could adversely affect the validity of this FAA or any agreement or instrument to which the State is a party and which is used or contemplated for use in consummation of the transactions contemplated by each of the foregoing.

(g) The Project is on the DNR funding list for the 2011 state fiscal year.

Section 2.02. Representations of the Municipality The Municipality represents, covenants and warrants as follows:

(a) The Municipality possesses the legal municipal form of a city under ch. 62, Wis. Stats. The Municipality is located within the State and is a "municipality" within the meaning of the Act, duly organized and existing under the laws of the State, and has full legal right, power and authority to:

(1) conduct its business and own its properties,
(2) enter into this FAA,
(3) adopt the Municipal Obligation Resolution,
(4) issue and deliver the Municipal Obligations to the SDWLP as provided herein, and
(5) carry out and consummate all transactions contemplated by each of the aforesaid documents.

(b) The Municipality is in compliance with its Water Diversion Permit (if any).

(c) With respect to the issuance of the Municipal Obligations, the Municipality has complied with the Municipal Obligation Resolution and with all applicable laws of the State.

(d) The governing body of the Municipality has duly approved the execution and delivery of this FAA and the issuance and delivery of the Municipal Obligations in the aggregate principal amount of $613,751, and has authorized the taking of any and all action as may be required on the part of the Municipality and its authorized officers to carry out, give effect to and consummate the transactions contemplated by each of the foregoing.

(e) This FAA and the Municipal Obligations have each been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Municipality, enforceable in accordance with their respective terms.

(f) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Municipality, threatened against or affecting the Municipality, or to the knowledge of the Municipality any basis therefore:

(1) affecting the creation, organization or existence of the Municipality or the title of its officers to their respective offices;

(2) seeking to prohibit, restrain or enjoin the execution of this FAA or the issuance or delivery of the Municipal Obligations;

(3) in any way contesting or affecting the validity or enforceability of the Municipal Obligation Resolution, the Municipal Obligations, this FAA, or any agreement or instrument relating to any of the foregoing or used or contemplated for use in the consummation of the transactions contemplated by this FAA; or

(4) wherein an unfavorable decision, ruling or finding could adversely affect the transactions contemplated hereby or by the Municipal Obligation Resolution or the Municipal Obligations.

(g) The Municipality is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any agreement or other instrument to which the Municipality is a party or by which it or any of its properties is bound, and no event has occurred that, with the passage of time, the giving of notice, or both, could constitute such a breach or default. The execution and delivery of this FAA, the issuance and delivery of the Municipal Obligations, the adoption of the Municipal Obligation Resolution and compliance with the respective provisions thereof shall not conflict with, or constitute a breach of, or default under any applicable law or administrative regulation of the State or of the United States or any applicable judgment or decree or any agreement or other instrument to which the Municipality is a party, or by which it or any of its property is bound.

(h) The Municipal Obligations constitute validly issued, legally binding special obligations of the Municipality secured as set forth therein.

(i) The resolutions of the Municipality accepting the Financial Assistance and the Municipal Obligation Resolution have been duly adopted by the Municipality and remain in full force and effect as of the date hereof.

(j) The Municipality has full legal right and authority and all necessary permits, licenses and approvals (other than such permits, licenses, easements or approvals which are not, by their

nature, obtainable prior to Substantial Completion of the Project) required as of the date hereof to own the Project, to carry on its activities relating thereto, to undertake and complete the Project and to carry out and consummate all transactions contemplated by this FAA.

(k) The Municipality represents that it has not made any commitment or taken any action that shall result in a valid claim for any finders' or similar fees or commitments in respect to the issuance and sale of the Municipal Obligations and the making of the Loan under this FAA.

(l) Each of the facilities constituting a part of the Project is eligible for financing from the SDWLP and the estimated cost of the Project is equal to or in excess of the principal amount of the Municipal Obligations. The Project has satisfied the requirements of the State Environmental Review Procedures contained in the Regulations. The Project is an eligible project under s. 281.61(2), Wis. Stats. Portions of the Project that are ineligible for financing from the SDWLP are listed within the Project Manager Summary Page attached hereto as Exhibit F. The Municipality intends the Project to be and continue to be an eligible Project under the Act during the term of this FAA.

(m) All amounts shown in Exhibit A of this FAA are costs of a Project eligible for financial assistance from the SDWLP under the Act. All proceeds of any borrowing of the Municipality that have been spent and which are being refinanced with the proceeds of the Financial Assistance made hereunder have been spent on eligible Project Costs. All Project Costs are reasonable, necessary and allocable by the Municipality to the Project under generally accepted accounting principles. None of the proceeds of the Financial Assistance shall be used directly or indirectly by the Municipality as working capital or to finance inventory, as opposed to capital improvements.

(n) The Project is in compliance with all applicable federal, state and local laws and ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality. The Municipality intends to proceed with due diligence to complete the Project pursuant to Section 4.04 hereof. The Municipality has complied with and completed all requirements of DNR necessary to commence construction of the Project prior to the date hereof.

(o) The Municipality does not intend to lease the Project or enter into a long-term contract for operation of the Project except as set forth in Exhibit D.

(p) The Municipality shall not take or omit to take any action which action or omission shall in any way cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the General Resolution, as the same is in force from time to time.

(q) The Municipality has not taken and shall not take any action and presently knows of no action, that any other person, firm or corporation has taken or intends to take, that would cause interest on the Municipal Obligations to be includable in the gross income of the owners of the Municipal Obligations for federal income tax purposes. The representations, certifications and statements of reasonable expectation made by the Municipality as referenced in the Municipal Obligation Counsel Opinion and No Arbitrage Certificate are hereby incorporated by this reference as though fully set forth herein.

(r) Other than (1) "preliminary expenditures" as defined in the Treas. Regs. 26 CFR 1.150-2 in an amount not exceeding 20% of the principal amount of the Municipal Obligations, or (2) a "de minimis" amount as defined in the Treas. Regs. 26 CFR 1.150-2 in an amount not exceeding the lesser of $100,000 or 5% of the principal amount of the Municipal Obligations, all of the proceeds of the Bonds loaned to the Municipality (other than refunding proceeds, if any) shall be used for Project Costs paid by the Municipality subsequent to a date which is 60 days prior to the date on which the Municipality adopted a reimbursement resolution pursuant to Treas. Regs. 26 CFR

1.150-2 stating its intent to reimburse other funds of the Municipality used to finance the Project, or subsequent to the issuance date of the Municipal Obligations.

(s) The Municipality represents that it has satisfied all the applicable requirements in ss. 281.61(3), (4), (5) and (8m), Wis. Stats., and ch. NR 166, Wis. Adm. Code.

(t) The Municipality has adopted a rate, charge or assessment schedule that will generate annually sufficient revenue to pay the principal of and interest on the Municipal Obligations.

(u) The Municipality is in substantial compliance with all conditions, requirements and terms of financial assistance previously awarded through any federal construction grants program and the SDWLP.

(v) The Municipality has met all terms and conditions contained within, and has received DNR approval for the Municipality's Plans and Specifications for the Project described in the definitions hereof.

(w) The Municipality represents that it has submitted to DNR a bid tabulation for the Project, with a recommendation to DNR for review and concurrence. The expected or actual Substantial Completion date of the Project is October 31, 2010.

(x) The Municipality acknowledges that s. 281.59(11)(b), Wis. Stats., and the General Resolution provide that if the Municipality fails to repay the Loan when due, the State shall recover amounts due the SDWLP by deducting those amounts from any State payments due the Municipality.

This means that the following State payments would have been subject to this deduction:

	Transportation	State-shared	Total
2007	$ 566,897.49	$ 715,571.44	$ 1,282,468.93
2008	$ 590,345.20	$ 716,287.59	$ 1,306,632.79

The amount of State payments anticipated for last year, among others, and as changed or modified from time to time, that are subject to this deduction are:

2009	$ 604,118.63	$ 717,716.10	$ 1,321,834.73

These are not the entire amounts of State aid distributed to the Municipality. Other State aid is subject to intercept on failure of the Municipality to make full Loan payments due the SDWLP.

The Municipality acknowledges that ss. 281.59(11)(b) and 70.60, Wis. Stats., and the General Resolution, provide that if the Municipality fails to repay the Loan when due, the State shall recover amounts due the SDWLP by adding a special charge to the amount of taxes apportioned to and levied upon the county in which the Municipality is located.

(y) The Municipality acknowledges that the State reserves the right upon default by the Municipality hereunder to have a receiver appointed to collect User Fees from the operation of the Municipality's Water System or, in the case of a joint utility system, to bill the users of the Municipality's Water System directly.

(z) The representations of the Municipality in the Application are true and correct as of the date of this FAA and are incorporated herein by reference as if fully set forth in this place.

(aa) There has been no material adverse change in the financial condition or operation of the Municipality or the Project since the submission date of the Application.

(bb) The Municipality submitted a water rate application to the Public Service Commission. This water rate application is for Water Rates that shall generate sufficient revenues, together with other funds available to the Municipality, to pay all costs of operating and maintaining the facilities of the Municipality's entire Water System, in accordance with this FAA. The Municipality implemented the Water Rates upon the Wisconsin Public Service Commission's approval of the rate order.

(cc) The Municipality acknowledges that it is eligible to receive Financial Assistance in the form of a Loan of $1,227,502 with Principal Forgiveness of $613,751 for payment of Project Costs. Note that additional Principal Forgiveness may be awarded by the SDWLP for this Project as described in Section 6.13 of this document.

ARTICLE III
LOAN PROVISIONS

Section 3.01. Loan Clauses

(a) Subject to the conditions and in accordance with the terms of this FAA, the SDWLP hereby agrees to make the Loan and the Municipality agrees to accept the Loan. As evidence of the portion of the Loan made to the Municipality remaining subsequent to the Principal Forgiveness, the Municipality hereby agrees to sell to the SDWLP Municipal Obligations in the aggregate principal amount of $613,751. The SDWLP shall pay for the Municipal Obligations in lawful money of the United States, which shall be disbursed as provided in this FAA.

(b) Prior to disbursement, Loan proceeds shall be held by the SDWLP or by the Trustee for the account of the SDWLP. Earnings on undisbursed Loan proceeds shall be for the account of the SDWLP. Loan proceeds shall be disbursed only upon submission by the Municipality of disbursement requests and approval thereof as set forth in Section 3.05 hereof.

(c) The Loan shall bear interest at the rate of two and 668/1000ths percent (2.668%) per annum, and interest shall accrue and be payable only on Loan principal amounts actually disbursed on the Municipal Obligations, from the date of disbursement until the date such amounts are repaid or forgiven.

(d) Disbursements of Financial Assistance shall generally first be made in the form of a Loan disbursement on the Municipal Obligations which must be at least 5% of the Municipal Obligation amount or $50,000, whichever is less, second in the form of Loan disbursements subject to Principal Forgiveness up to $613,751 and third in the form of Loan disbursements on the Municipal Obligations. Principal Forgiveness will be applied at the time of Loan disbursement except as provided in Section 3.04(e) when additional Principal Forgiveness is available for SDWLP Loans.

(e) The Municipal Obligation shall include the Loan Disbursement Table (Exhibit C). The actual dates of disbursements shall be reflected as part of the Municipal Obligations. DOA shall make entries as each disbursement is made and as each principal amount is repaid; the SDWLP and the Municipality agree that such entries shall be mutually binding.

(f) Upon Final Completion of the Project, DOA may request that the Municipality issue substitute Municipal Obligations in the aggregate principal amount equal to the outstanding principal balance of the Municipal Obligations.

(g) The Municipality shall deliver, or cause to be delivered, a Municipal Obligation Counsel Opinion to the SDWLP concurrently with the delivery of the Municipal Obligations.

Section 3.02. Municipal Obligations Amortization Principal and interest payments on the Municipal Obligations shall be due on the dates set forth in Exhibit B of this FAA. The payment amounts shown on Exhibit B are for informational purposes only and assume the full amount of the Municipal Obligations is disbursed and that the full amount of Principal Forgiveness available is applied to the Loan on January 27, 2010. It is understood that the actual amount of the Municipality's Municipal Obligations payments shall be based on the actual date and amount of disbursements on the Municipal Obligations. Notwithstanding the foregoing or anything in the Municipal Obligations, the Municipal Obligations shall be for no longer than twenty (20) years from the date of this FAA, and shall mature and be fully amortized not later than twenty (20) years after the original issue date of the Municipal Obligations. Repayment of principal on the Municipal Obligations shall begin not later than twelve (12) months after the expected or actual Substantial Completion date of the Project.

Section 3.03. Type of Municipal Obligation and Security The Municipality's obligation to meet annual debt service requirements on the Municipal Obligations shall be a revenue obligation evidenced by issuance of revenue bonds pursuant to s. 66.0621, Wis. Stats. The security for the Municipality's obligation shall be a pledge of revenues to be derived from the Municipality's Water System, and the Municipality shall agree that if revenues from the Water System are insufficient to meet annual debt service requirements, the Municipality shall purchase water services in amounts sufficient to meet annual debt service requirements as provided in and set forth in Section 9 of the Municipal Obligation Resolution. The annual revenues net of all current expenses shall be equal to not less than the annual principal and interest requirements on the Municipal Obligations, any Parity Obligations, and any other debt obligations payable from the revenues of the Water System then outstanding, times the greater of (i) 110 percent or (ii) the highest debt service coverage ratio required with respect to any Parity Obligations or any other debt obligations payable from the revenues of the Water System then outstanding. As of the date of this FAA, the required debt service coverage ratio is 130 percent; however, this percentage is subject to change as outlined in the prior sentence. The Municipal Obligations are also secured as provided in Section 3.07 hereof.

Section 3.04. Sale and Redemption of Municipal Obligations

(a) Municipal Obligations may not be prepaid without the prior written consent of the SDWLP. The SDWLP has sole discretion to withhold such consent.

(b) The Municipality shall pay all costs and expenses of the SDWLP in effecting the redemption of the Bonds to be redeemed with the proceeds of the prepayment of the Municipal Obligations. Such costs and expenses may include any prepayment premium applicable to the SDWLP and any investment losses incurred or sustained by the SDWLP resulting directly or indirectly from any such prepayment.

(c) Subject to subsection (a), the Municipality may prepay the Municipal Obligations with any settlements received from any third party relating to the design or construction of the Project.

(d) Prepayments of the Municipal Obligations shall be applied pro rata to all maturities of the Municipal Obligations.

(e) The SDWLP may award additional Principal Forgiveness for this Project, beyond the amount shown on the cover page of this document, if the SDWLP determines that additional Principal Forgiveness funds are available. If additional Principal Forgiveness is awarded for this Project after the FAA is signed by all parties, the SDWLP will notify the Municipality in writing of the amount of the additional Principal Forgiveness available to the Municipality.

Any additional Principal Forgiveness will be provided to the Municipality on a date (or dates) to be determined solely by the SDWLP. The additional Principal Forgiveness will be applied as either a prepayment of the outstanding principal balance of the Municipal Obligation (pro rata to all maturities) or to future Loan disbursements at the discretion of the SDWLP. Any additional Principal Forgiveness awarded shall be for the benefit of this Project in accordance with the terms of this FAA, and shall comply with all of the terms of this FAA.

Section 3.05. Disbursement of Financial Assistance

(a) Under this FAA, Financial Assistance shall be drawn in the order specified in Section 3.01(d) of this document.

(b) Each disbursement request shall be delivered to DNR. Each request must contain invoices or other evidence acceptable to DNR and DOA that Project Costs for which disbursement is requested have been incurred by the Municipality.

(c) The SDWLP, through its agents or Trustee, plans to make disbursements of Financial Assistance on a semimonthly basis, upon approval of each disbursement request by DNR and DOA. Such approval by DNR and DOA may require adjustment and corrections to the disbursement request submitted by the Municipality. The Municipality shall be notified whenever such an adjustment or correction is made by DNR or DOA.

(d) Disbursements made to the Municipality are subject to pre- and post-payment adjustments by DNR or DOA.

(1) If the Financial Assistance is not yet fully disbursed, and SDWLP funds were previously disbursed for non-eligible SDWLP funded Project Costs, the SDWLP shall make necessary adjustments to future disbursements.

(2) If the Financial Assistance is fully disbursed, including disbursements for any non-eligible SDWLP funded Project Costs, the Municipality agrees to repay to the SDWLP an amount equal to the non-eligible SDWLP funded Project Costs within 60 days of notification by DNR or DOA. The SDWLP shall then apply the amount it receives as a Loan prepayment or as a recovery of a Loan disbursement with Principal Forgiveness (if there is no outstanding Loan principal balance available to apply the recovery to).

(e) The SDWLP or its agent shall disburse Financial Assistance only to the Municipality's account by electronic transfer of funds. The Municipality hereby covenants that it shall take actions and provide information necessary to facilitate these transfers.

(f) Disbursement beyond ninety-five percent (95%) of the Financial Assistance, unless otherwise agreed to by DNR and DOA pursuant to a written request from the Municipality, may be withheld until:

(1) DNR is satisfied that the Project has been completed in accordance with the Plans and Specifications, and DNR has approved all change orders relating to the Project;

(2) The Municipality certifies to DNR its acceptance of the Project from its contractors;

(3) The Municipality certifies in writing to DNR its compliance with the ARRA wage rate and Buy American requirements. Certification must be as prescribed on Exhibit G;

(4) The Municipality shall furnish reports, provide data and such other information as SDWLP may require prior to Project closeout; and

(5) DNR certifies in writing to DOA the Municipality's compliance with all applicable requirements of this FAA.

(g) The following IRS Regulation applies to project expenditures. IRS Regulation 1.148-6(d)(1)(iii), which states, in part, "An issuer must account for the allocation of proceeds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the project, if any, that is financed by the issue is placed in service".

Section 3.06. Remedies

(a) If the Municipality:

(1) or any authorized representative is not complying with federal or state laws, regulations, or requirements relating to the Project, and following due notice by DNR the Project is not brought into compliance within a reasonable period of time; or

(2) is not complying with or is in violation of any provision set forth in this FAA; or

(3) is not in compliance with the Act or the Regulations;

then DNR may, until the Project is brought into compliance or the FAA non-compliance is cured to the satisfaction of DNR or DOA, impose one (1) or more of the following sanctions:

(i) Progress payments or disbursements otherwise due the Municipality of up to 20% may be withheld.

(ii) Project work may be suspended.

(iii) DNR may request a court of appropriate jurisdiction to enter an injunction or afford other equitable or judicial relief as the court finds appropriate.

(iv) Other administrative remedies may be pursued.

(b) If the Municipality fails to make any payment when due on the Municipal Obligations or fails to observe or perform any other covenant, condition, or agreement on its part under this FAA for a period of thirty (30) days after written notice is given to the Municipality by DNR, specifying the default and requesting that it be remedied, the SDWLP is provided remedies by law and this FAA. These remedies include, but are not limited to, the following rights:

(1) Pursuant to s. 281.59(11)(b), Wis. Stats., DOA shall place on file a certified statement of all amounts due the SDWLP under this FAA. DOA may collect all amounts due the SDWLP by deducting those amounts from any State payments due the Municipality, or add a special charge to the amount of taxes apportioned to and levied upon the county in which the Municipality is located under s. 70.60, Wis. Stats.

(2) The SDWLP may, without giving bond to the Municipality or anyone claiming under it, have a receiver appointed for the SDWLP's benefit of the Project and the Municipality's Water System and of the earnings, income, rents, issues and profits thereof, with such powers as the court making such appointment shall confer. The Municipality hereby irrevocably consents to such appointment.

(3) In the case of a joint utility system, the SDWLP may bill the users of the Municipality's system directly.

(4) The SDWLP may declare the principal amount of the Municipal Obligations immediately due and payable.

(5) The SDWLP may enforce any right or obligation under this FAA, including the right to seek specific performance or mandamus, whether such action is at law or in equity.

(6) The SDWLP may increase the interest rate set forth in Section 3.01 hereof to the market interest rate as defined in the Act and Regulations.

Section 3.07. Security for the Municipal Obligations In accordance with the terms of the Municipal Obligation Resolution:

(a) as security for the Municipal Obligations, the Municipality hereby pledges the revenue to be derived from the Municipality's Water Rates (which is a dedicated source of revenue); and

(b) other than as already pledged to the outstanding Parity Obligations, the Municipality shall not pledge the revenues, except as provided in Section 11 of the Municipal Obligation Resolution, to be derived from the Municipality's Water Rates or other revenues pledged under Section 3.07(a), above, to any person other than the SDWLP, unless the revenues pledged to such other person meet the highest debt coverage ratio then applicable to the Municipality.

Section 3.08. Effective Date and Term This FAA shall become effective upon its execution and delivery by the parties hereto, shall remain in full force and effect from such date and shall expire on such date as the Municipal Obligations shall be discharged and satisfied in accordance with the provisions thereof.

ARTICLE IV
CONSTRUCTION OF THE PROJECT

Section 4.01. Insurance The Municipality agrees to maintain property and liability insurance for the Water System and Project that is reasonable in amount and coverage and that is consistent with prudent municipal insurance practices for the term of this FAA. The Municipality agrees to provide written evidence of insurance coverage to the SDWLP upon request at any time during the term of this FAA.

In the event that the Water System or Project is damaged or destroyed, the Municipality agrees to use the proceeds from its insurance coverage either to repay the Financial Assistance or to repair or replace the Water System.

Section 4.02. Construction of the Project The Municipality shall construct the Project, or cause it to be constructed, to Final Completion in accordance with the Application and the Plans and Specifications. The Municipality shall proceed with the acquisition and construction of the Project in conformity with law and with all applicable requirements of governmental authorities having jurisdiction with respect thereto, subject to such modifications of Plans and Specifications that alter the cost of the Project, use of space, scope or functional layout as may be previously approved by DNR.

Section 4.03. Performance Bonds The Municipality shall provide, or cause to be provided, performance bonds assuring the performance of the work to be performed under all construction contracts entered into with respect to the Project. All performance bonds required hereunder shall be issued by independent surety companies authorized to transact business in the State.

Section 4.04. Completion of the Project

(a) The Municipality agrees that it shall undertake and complete the Project for the purposes and in the manner set forth in this FAA and in accordance with all federal, state and local laws, ordinances and regulations applicable thereto. The Municipality shall, with all practical dispatch and in a sound and economical manner, complete or cause to be completed, the acquisition and construction of the Project, and do all other acts necessary and possible to entitle it to receive User Fees with respect to the Project at the earliest practicable time. The Municipality shall obtain all necessary approvals from any and all governmental agencies prior to construction which are requisite to the Final Completion of the Project.

(b) The Municipality shall notify DNR of the Substantial Completion of the Project. The Municipality shall cause to be prepared as-built plans for the Project at or prior to completion thereof.

(c) The Municipality shall take and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently and in accordance with the terms of the contracts including, without limitation, the correcting of defective work.

(d) Upon Final Completion of the Project in accordance with the Plans and Specifications, the Municipality shall:

(1) certify to DNR its acceptance of the Project from its contractors, subject to claims against contractors and third parties;

(2) complete and deliver to DNR the completed Contract Utilization of Disadvantaged Business Enterprises (DBE) form attached hereto as Exhibit E of this FAA; and

(3) obtain all required permits and authorizations from appropriate authorities, if required, for operation and use of the Project.

Section 4.05. Payment of Additional Project Costs

(a) In the event of revised eligibility determinations, cost overruns and amendments exceeding the Financial Assistance amount, the SDWLP may allocate additional financial assistance to a Project. The allocation of additional financial assistance may be in the form of a loan at less than the market interest rate, which is established pursuant to the Act and Regulations. The allocation of additional financial assistance shall depend upon availability of funds and present value subsidy, pursuant to the Act and the Regulations.

(b) In the event that this Financial Assistance is not sufficient to pay the costs of the Project in full, the Municipality shall nonetheless complete the Project and pay that portion of the Project Costs as may be in excess of available Financial Assistance, and shall not be entitled to any reimbursement therefore from the SDWLP, or the owners of any bonds, except from the proceeds of additional financing which may be provided by the SDWLP pursuant to an amended FAA or through a separate FAA.

Section 4.06. No Warranty Regarding Condition, Suitability or Cost of Project Neither the SDWLP, DOA, DNR nor the Trustee makes any warranty, either express or implied, as to the Project or its condition or that it shall be suitable for the Municipality's purposes or needs, or that the Financial Assistance shall be sufficient to pay the costs of the Project. Review or approval of engineering reports, facilities plans, Plans and Specifications, or other documents, or the inspection of Project construction by DNR does not relieve the Municipality of its responsibility to properly plan, design, build and effectively operate and maintain the Project as required by laws, regulations, permits and good management practices. DNR or its representatives are not responsible for increased costs resulting from defects in the Plans and Specifications, or other Project documents. Nothing in this section prohibits a Municipality from requiring more assurances, guarantees, or indemnity or other contractual requirements from any party performing Project work.

ARTICLE V
COVENANTS

Section 5.01. Application of Financial Assistance The Municipality shall apply the proceeds of the Financial Assistance solely for Project Costs.

Section 5.02. Operation and Maintenance After completion of the Project, the Municipality shall:

(a) at all times operate the Project or otherwise cause the Project to be operated properly and in a sound and economical manner, including proper training of personnel;

(b) maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, in good repair, working order and condition; and

(c) periodically make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly conducted and in a manner that is consistent with the Project performance standards contained in the Application and the requirements of the Water Diversion Permit (if any). The Municipality shall not, without the approval of DNR, discontinue operation of or sell or otherwise dispose of the Water System, except for portions of the Water System sold or otherwise disposed of in the course of ordinary repair and replacement of parts so long as this FAA is outstanding.

Section 5.03. Compliance with Law At all times during construction of the Project and operation of the Water System, the Municipality shall comply with all applicable federal, state and local laws, ordinances, rules, regulations, permits, approvals and this FAA, including without limitation, the Act, the ARRA, the Regulations and the Water Diversion Permit (if any).

Section 5.04. Public Ownership The Municipality shall at all times retain ownership of the Project and Water System of which it is a part.

Section 5.05. Establishment of Project Accounts; Audits

(a) The Municipality shall maintain Project accounts in accordance with generally accepted accounting principles (GAAP) and directions issued by the SDWLP. Without any request, the Municipality shall furnish to DOA, as soon as available and in any event within one-hundred twenty (120) days after the close of each fiscal year, a copy of the audit report for such year and accompanying GAAP-based financial statements for such period, as examined and reported by such independent certified public accountants of recognized standing selected by the Municipality and reasonably satisfactory to DOA, whose reports shall indicate that the accompanying financial statements have been prepared in conformity with GAAP.

(b) The Municipality shall maintain a separate account that reflects the receipt and expenditure of all SDWLP funds for the Project. All Financial Assistance shall be credited promptly upon receipt thereof and shall be reimbursement for or expended only for Project Costs. The Municipality shall permit any authorized representative of DNR or DOA, or agents thereof, the right to review or audit all records relating to the Project or the Financial Assistance, and shall produce, or cause to be produced, all records relating to any work performed under the terms of this FAA for examination at such times as may be designated by any of them or their authorized representatives, and shall permit extracts and copies of the Project records to be made by them or their authorized representatives, and shall fulfill information requests by them or their authorized representatives.

Section 5.06. Records The Municipality shall retain all files, books, documents and records relating to construction of the Project for at least three years following the date of Final Completion of the Project, or for

longer periods if necessary due to any appeal, dispute, or litigation. All other files and records relating to the Project shall be retained so long as this FAA remains in effect. As-built plans for the Project shall be retained for the useful life of the Project.

Section 5.07. Project Areas The Municipality shall permit representatives of DNR access to the Project and related records at all reasonable times, include provisions in all contracts permitting such access during construction and operation of the Water System, and allow extracts and copies of Project records to be made by DNR representatives.

Section 5.08. Engineering Inspection The Municipality shall provide competent and adequate inspection of all Project construction, under the direction of a professional engineer licensed in the State. The Municipality shall direct such engineer to inspect work necessary for the construction of the Project and to determine whether such work has been performed in accordance with the Plans and Specifications. Any such work not in accordance with the Plans and Specifications shall be remedied, unless such noncompliance is waived by DNR.

Section 5.09. Tax Covenants

(a) The Municipality covenants and agrees that it shall not take any action or omit to take any action, which action or omission would result in the loss of the exclusion of the interest on any Municipal Obligations now or hereafter issued from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code or any successor provision.

(b) The Municipality shall not take any action or omit to take any action, which action or omission would cause its Municipal Obligations to be "private activity bonds" within the meaning of Section 141(a) of the Code or any successor provision.

(c) The Municipality shall not directly or indirectly use or permit the use of any proceeds of the Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action, which use or action or omission would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code or any successor provision. The Municipality hereby further covenants to ensure that all amounts actually received by such Municipality from the SDWLP are advanced to the entity submitting the invoice (or to reimburse the Municipality) to which each amount relates within three business days and that all amounts actually received by such Municipality from the SDWLP shall not be invested in any interest-bearing account.

(d) The Municipality shall not use (directly or indirectly) the proceeds of the Bonds in any manner that would constitute an "advance refunding" within the meaning of Section 149(d)(5) of the Code or any successor provision.

Section 5.10. User Fee Covenant

(a) The Municipality hereby certifies that it has adopted and shall charge User Fees with respect to the Project in accordance with applicable laws and the Act and in amounts such that revenues of the Municipality with respect to the Project shall be sufficient, together with other funds available to the Municipality for such purposes, to pay all costs of operating and maintaining the Project in accordance with this FAA and to pay all amounts due under this FAA and the Municipal Obligations.

(b) The Municipality covenants that it shall adopt and shall adequately maintain for the design life of the Project a system of User Fees with respect to the Project. The Municipality covenants that it shall, from time to time, revise and charge User Fees with respect to the Project such that the

revenues and funds described in paragraph (a) shall be sufficient to pay the costs described in paragraph (a).

Section 5.11. Notice of Impaired System The Municipality shall promptly notify DNR and DOA in the case of any material damage to or destruction of the Project or any part thereof, or actual or threatened proceedings for the purpose of taking or otherwise affecting by condemnation, eminent domain or otherwise, all or a part of the Water System, any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or agency, or any other event which may impair the ability of the Municipality to construct the Project or operate the Water System or set and collect User Fees as set forth in Section 5.10.

Section 5.12. Hold Harmless The Municipality shall save, keep harmless and defend DNR and DOA, and all their officers, employees, and agents, against any and all liability claims, and costs of whatever kind and nature, for injury to or death of any person or persons and for loss or damage to any property occurring in connection with or in any way incident to or arising out of the construction, occupancy, use, service, operation, or performance of work in connection with the Project, acts, or omissions of the Municipality's employees, agents, or representatives.

Section 5.13. Nondiscrimination Covenant

(a) In connection with the Project, the Municipality agrees to comply with fair employment practices pursuant to subchapter II of ch. 111, Wis. Stats. This provision shall include, but is not limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Municipality agrees to post in conspicuous places, available for employees and applicants for employment, notices setting forth the provision of the nondiscrimination clause.

(b) The Municipality shall incorporate into all Project contracts which have yet to be executed the following provision: "In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant because of age, race, religion, color, handicap, sex, physical condition, developmental disability, or national origin. The contractor further agrees to comply with fair employment practices pursuant to subchapter II of ch. 111, Wis. Stats. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor further agrees to take affirmative action to ensure equal employment opportunities for persons with disabilities. The contractor agrees to post in conspicuous places, available for employees and applicants for employment, notices setting forth the provisions of the nondiscrimination clause."

Section 5.14. Employees The Municipality or its employees or agents are not employees or agents of the DNR or DOA for any purpose including worker's compensation.

Section 5.15. Adequate Funds The Municipality shall have sufficient funds available to repay the Municipal Obligations. The Municipality shall have sufficient funds available when construction of the Project is completed to ensure effective operation and maintenance of the Project for purposes constructed.

Section 5.16. Management The Municipality shall provide and maintain competent and adequate management, supervision, and inspection at the construction site to ensure that the completed work conforms to the Plans and Specifications. The Municipality shall furnish progress reports and such other information as DNR may require.

Section 5.17. Reimbursement Any payment of Financial Assistance to the Municipality in excess of the amount determined by final audit to be due the Municipality shall be reimbursed to DOA within 60 days after DNR or DOA provides a notice of overpayment.

Section 5.18. Unpaid User Fees The Municipality shall, to the fullest extent permitted by law, take all actions necessary to certify any unpaid User Fees to the county treasurer in order that such unpaid User Fees shall be added as a special charge to the property tax bill of the user.

Section 5.19. Rebates The Municipality agrees to pay to the SDWLP any refunds, rebates, credits, or other amounts received for Project Costs that have already been funded by the SDWLP. The SDWLP shall then apply the amount it receives as a Loan prepayment or as a recovery of a Loan disbursement with Principal Forgiveness (if there is no outstanding principal balance for the Project).

Section 5.20. Maintenance of Legal Existence

(a) Except as provided in par. (b), the Municipality shall maintain its legal existence and shall not dissolve or otherwise dispose of all or substantially all of its assets and shall not consolidate with or merge into another legal entity.

(b) A Municipality may consolidate with or merge into any other legal entity, dissolve or otherwise dispose of all of its assets or substantially all of its assets, transfer all or substantially all its assets to another legal entity (and thereafter be released of all further obligation under this FAA and the Municipal Obligations) if:

(1) the resulting, surviving or transferee legal entity is a legal entity established and duly existing under the laws of Wisconsin;

(2) such resulting, surviving or transferee legal entity is eligible to receive financial assistance under the Act;

(3) such resulting, surviving or transferee legal entity expressly assumes in writing all of the obligations of the Municipality contained in this FAA and the Municipal Obligations and any other documents the SDWLP deems reasonably necessary to protect its environmental and credit interests; and

(4) the SDWLP shall have consented in writing to such transaction, which consent may be withheld in the absolute discretion of the SDWLP.

Section 5.21. Federal Single Audit To the extent applicable, the Municipality shall comply with the audit requirements of OMB Circular A-133. The Municipality covenants that if it receives $500,000 or more of financial assistance in a given calendar year, which originated from any federal funds, the Municipality shall commission an audit made in accordance with OMB Circular A-133, or in accordance with the federal laws and regulations governing the SDWLP.

Section 5.22. Wage Rate Requirements The Municipality represents that all laborers and mechanics employed by contractors and subcontractors funded directly by or assisted in whole or in part with funding under this Loan shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 31 of title 40, United States Code.

Section 5.23. ARRA Logo Requirement The Municipality agrees to display the ARRA Logo in a manner that informs the public that this Project is an ARRA investment.

Section 5.24. Buy American Requirements The Municipality agrees to comply with the Buy American requirements contained in the ARRA for the iron, steel, and manufactured goods used in the Project.

Section 5.25. ARRA Requirements The Municipality shall comply with the requirements of the ARRA Assurances and Certification. The Municipality shall furnish reports, provide data and such other information as the SDWLP may require.

Section 5.26. Federal Project The Municipality covenants that the Project shall comply with the Federal requirements applicable to activities supported with federal funds, a list of which is included as Exhibit H to this FAA.

ARTICLE VI
MISCELLANEOUS

Section 6.01. Notices All notices, certificates or other communications hereunder shall be sufficiently given, and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, return receipt requested to the addresses set forth below:

(a) Department of Administration
Office of Capital Finance
Safe Drinking Water Loan Program
101 East Wilson Street, 10th Floor
Madison, WI 53702-0004
Or
P.O. Box 7864
Madison, WI 53707-7864

(b) Department of Natural Resources
Bureau of Community Financial Assistance
101 South Webster Street
Madison, WI 53702-0005
Or
P.O. Box 7921
Madison, WI 53707-7921

(c) U.S. Bank Corp Trust
Sharyl Saver EP-MN-WS3T
60 Livingston Ave
St. Paul, MN 55101-2292

(d) City of Stoughton
600 S. Fourth Street
Stoughton WI 53589

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others. Any notice herein shall be delivered simultaneously to DNR and DOA.

Section 6.02. Binding Effect This FAA shall be for the benefit of, and shall be binding upon, the SDWLP and the Municipality and their respective successors and assigns.

Section 6.03. Severability In the event any provision of this FAA shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 6.04. Amendments, Supplements and Modifications This FAA may be amended, supplemented or modified to provide for additional Financial Assistance for the Project by the SDWLP to the Municipality or for other purposes. All amendments, supplements and modifications shall be in writing between the SDWLP, by DNR and DOA acting under authority of the Act, and the Municipality.

Section 6.05. Execution in Counterparts This FAA may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.06. Applicable Law This FAA shall be governed by and construed in accordance with the laws of the State, including the Act.

Section 6.07. Benefit of Financial Assistance Agreement This FAA is executed, among other reasons, to induce the purchase of the Municipal Obligations. Accordingly, all duties, covenants, obligations and agreements of the Municipality herein contained are hereby declared to be for the benefit of and are enforceable by the SDWLP, its Trustee or its authorized agent.

Section 6.08. Further Assurances The Municipality shall, at the request of DNR and DOA, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, providing Principal Forgiveness, assigning and confirming the rights, security interests and agreements concerning Principal Forgiveness or intended to be Principal Forgiveness provided by this FAA and relating to the Municipal Obligations.

Section 6.09. Assignment of Municipal Obligations The Municipality hereby agrees that the Municipal Obligations may be sold, transferred, pledged or hypothecated to any third party without the consent of the Municipality.

Section 6.10. Covenant by Municipality as to Compliance with General Resolution The Municipality covenants and agrees that it shall comply with the provisions of the General Resolution with respect to the Municipality and that the Trustee and the owners of the Bonds shall have the power and authority provided in the General Resolution. The Municipality further agrees to aid in the furnishing to DNR, DOA or the Trustee of opinions that may be required under the General Resolution.

Section 6.11. Termination This FAA may be terminated in whole or in part pursuant to one or more of the following:

(a) The SDWLP and the Municipality may enter into an agreement to terminate this FAA at any time. The termination agreement shall establish the effective date of termination of this FAA, the basis for settlement of termination costs, and the amount and date of payment of any sums due either party.

(b) If the Municipality wishes to terminate all or any part of the Project work unilaterally for which Financial Assistance has been awarded, the Municipality shall promptly give written notice to DNR. If the SDWLP determines that there is a reasonable basis for the requested termination, the SDWLP may enter into a termination agreement, including provisions for FAA termination costs, effective with the date of cessation of the Project work by the Municipality. If the SDWLP determines that the Municipality has ceased work on the Project without reasonable basis, the SDWLP may unilaterally terminate Financial Assistance or rescind this FAA.

Section 6.12. Rescission The SDWLP may rescind this FAA prior to the first disbursement of any funds hereunder if it determines that:

(a) there has been substantial non-performance of the Project work by the recipient without justification under the circumstances;

(b) there is substantial evidence this FAA was obtained by fraud;

(c) there is substantial evidence of gross abuse or corrupt practices in the administration of the Project;

(d) the Municipality has failed to comply with the covenants contained in this FAA; or

(e) any of the representations of the Municipality contained in this FAA were false in any material respect.

Section 6.13. Award of Additional Principal Forgiveness The SDWLP may award additional Principal Forgiveness for this Project, beyond the amount shown on the cover page of this document, if the SDWLP determines that additional Principal Forgiveness funds are available. If additional Principal Forgiveness is awarded for this Project after the FAA is signed by all parties, the SDWLP will notify the Municipality in writing of the amount of the additional Principal Forgiveness available to the Municipality.

Any additional Principal Forgiveness will be provided to the Municipality on a date (or dates) to be determined solely by the SDWLP. The additional Principal Forgiveness will be applied as either a prepayment of the outstanding principal balance of the Municipal Obligation (pro rata to all maturities) or to future Loan disbursements at the discretion of the SDWLP. Any additional Principal Forgiveness awarded shall be for the benefit of this Project in accordance with the terms of this FAA and shall comply with all of the terms of this FAA.

IN WITNESS WHEREOF, the SDWLP and the Municipality have caused this FAA to be executed and delivered, as of the date and year first above written.

CITY OF STOUGHTON

By: _____
James S. Griffin
Mayor

Attest: _____
Luann J. Alme
Clerk

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

By:_____
Authorized Officer

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By:_____
Authorized Officer

EXHIBIT A

PROJECT BUDGET SHEET SUMMARY

CITY OF STOUGHTON
SDWLP Project No. 5403-01

	Total Project Costs	Ineligible SDWLP Costs (A)	SDWLP Eligible Costs	Ineligible ARRA Costs (Eligible under the Net SDWLP Loan) (B)	Eligible SDWLP Costs Paid With Municipal or Non-SDWLP Loan Funds (C)	Eligible Costs. Paid by Other Grant(s)	SDWLP Fundable Amount for this Project (D)	ARRA Principal Forgiveness Amount	Net SDWLP Loan Amount
Force Account	0								
Interim Financing Costs	0								
Engineering Report Preparation	0								
Plans/Specifications Preparation	23,000		23,000				23,000		23,000
Land or Easement Acquisition	0								
Engineering/Construction Mgmt.	27,000	27,000							
Construction/Equipment	1,239,500	99,160	1,140,340				1,140,340	613,751	526,589
Contingency	54,166		54,166				54,166		54,166
Miscellaneous Costs	4,996		4,996				4,996		4,996
SDWLP Closing Costs	5,000		5,000				5,000		5,000
TOTAL	**1,353,662**	**126,160**	**1,227,502**				**1,227,502**	**613,751**	**613,751**

A = Municipal internal funds or other grant funding will cover ineligible SDWLP costs.
B = Ineligible ARRA costs cannot be funded with the ARRA Principal Forgiveness Amount.
C= Eligible SDWLP costs paid with municipal internal funds or other non-SDWLP loan funds.
D= This amount is calculated before deducting funding provided from non-SDWLP sources.

City of Stoughton, Wisconsin **Exhibit B-1**

Project 5403-01 Safe Drinking Water Loan Program

Loan Closing Date: ***January 27, 2010***

Payment Date	Principal Payment	Interest Rate	Interest Payment	Principal & Interest	Bond Year Debt Service	Calendar Year Debt Service
1-May-10		2.668%	4,275.66	4,275.66	4,275.66	
1-Nov-10		2.668%	8,187.44	8,187.44		12,463.10
1-May-11	25,224.10	2.668%	8,187.44	33,411.54	41,598.98	
1-Nov-11		2.668%	7,850.95	7,850.95		41,262.49
1-May-12	25,897.08	2.668%	7,850.95	33,748.03	41,598.98	
1-Nov-12		2.668%	7,505.48	7,505.48		41,253.51
1-May-13	26,588.02	2.668%	7,505.48	34,093.50	41,598.98	
1-Nov-13		2.668%	7,150.80	7,150.80		41,244.30
1-May-14	27,297.39	2.668%	7,150.80	34,448.19	41,598.99	
1-Nov-14		2.668%	6,786.65	6,786.65		41,234.84
1-May-15	28,025.68	2.668%	6,786.65	34,812.33	41,598.98	
1-Nov-15		2.668%	6,412.79	6,412.79		41,225.12
1-May-16	28,773.41	2.668%	6,412.79	35,186.20	41,598.99	
1-Nov-16		2.668%	6,028.95	6,028.95		41,215.15
1-May-17	29,541.08	2.668%	6,028.95	35,570.03	41,598.98	
1-Nov-17		2.668%	5,634.87	5,634.87		41,204.90
1-May-18	30,329.24	2.668%	5,634.87	35,964.11	41,598.98	
1-Nov-18		2.668%	5,230.28	5,230.28		41,194.39
1-May-19	31,138.42	2.668%	5,230.28	36,368.70	41,598.98	
1-Nov-19		2.668%	4,814.89	4,814.89		41,183.59
1-May-20	31,969.19	2.668%	4,814.89	36,784.08	41,598.97	
1-Nov-20		2.668%	4,388.42	4,388.42		41,172.50
1-May-21	32,822.13	2.668%	4,388.42	37,210.55	41,598.97	
1-Nov-21		2.668%	3,950.58	3,950.58		41,161.13
1-May-22	33,697.83	2.668%	3,950.58	37,648.41	41,598.99	
1-Nov-22		2.668%	3,501.05	3,501.05		41,149.46
1-May-23	34,596.88	2.668%	3,501.05	38,097.93	41,598.98	
1-Nov-23		2.668%	3,039.53	3,039.53		41,137.46
1-May-24	35,519.93	2.668%	3,039.53	38,559.46	41,598.99	
1-Nov-24		2.668%	2,565.69	2,565.69		41,125.15
1-May-25	36,467.60	2.668%	2,565.69	39,033.29	41,598.98	
1-Nov-25		2.668%	2,079.21	2,079.21		41,112.50
1-May-26	37,440.56	2.668%	2,079.21	39,519.77	41,598.98	
1-Nov-26		2.668%	1,579.76	1,579.76		41,099.53
1-May-27	38,439.47	2.668%	1,579.76	40,019.23	41,598.99	
1-Nov-27		2.668%	1,066.97	1,066.97		41,086.20
1-May-28	39,465.03	2.668%	1,066.97	40,532.00	41,598.97	
1-Nov-28		2.668%	540.51	540.51		41,072.51
1-May-29	40,517.96	2.668%	540.51	41,058.47	41,598.98	41,058.47
Totals	613,751.00		180,905.30	794,656.30	794,656.30	794,656.30

Net Interest Rate	2.6680%
Bond Years	6,780.5586
Average Life	11.0477

The above schedule assumes full disbursement of the loan on the loan closing date.

29-Dec-09 Wisconsin Department of Administration

EXHIBIT C

FORM OF LOAN DISBURSEMENT TABLE

Amount of Disbursement	Date of Disbursement	Series of Bonds	Principal Repaid	Principal Balance
$_____	_____	_____	$_____	$_____
$_____	_____	_____	$_____	$_____
$_____	_____	_____	$_____	$_____
$_____	_____	_____	$_____	$_____
$_____	_____	_____	$_____	$_____
$_____	_____	_____	$_____	$_____
$_____	_____	_____	$_____	$_____
$_____	_____	_____	$_____	$_____

EXHIBIT D

OPERATING CONTRACTS

As of the date of this FAA, the Municipality does not have any contracts with private entities or other governmental units to operate its Water System.

EXHIBIT E

ENVIRONMENTAL IMPROVEMENT FUND
CONTRACT UTILIZATION OF DISADVANTAGED BUSINESS ENTERPRISES (DBE)

MANDATORY PROJECT CLOSEOUT DOCUMENT

Note: This form is authorized by s. NR 166.16(4)(b)4, Wis. Adm. Code. Receipt of this completed form by the Department is mandatory prior to receiving a final disbursement. The information printed on this form is taken from the completed Good Faith Certification Form 8700-294 and MBE/WBE/SRBA Contacts Worksheet Form 8700-294A. Any changes or additions made to the list of prime contractors and DBE subcontractors during the construction must be reflected on this form at closeout. Personal information collected on this form will be used for program administration and must be made available to requesters as required by Wisconsin Open Records Law (ss. 19.31 – 19.39, Wis. Stats).

Municipality Name: City of Stoughton	Project Number: 5403-01	Loan Amount: $1,227,502
Project Description: Construct Storage & Connecting Main, Modify SCADA		
Did the municipality satisfy the MBE/WBE/SBRA requirements? ☐ Yes **X** No (If no, refer to Exhibit F-Project Manager Summary Page).		

Construction/Equipment/Supplies Contracts	DBE Type	Type of Product or Service *	Contract Estimate $	Actual Amount Paid to MBE/WBE/SBRA Firm
				Municipality Completes at Project Closeout
Prime: CB & I Constructors Inc	☐ MBE ☐ WBE ☐ SBRA ☐ N/A	Construction	$1,239,500	
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Prime:	☐ MBE ☐ WBE ☐ SBRA ☐ N/A			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Prime:	☐ MBE ☐ WBE ☐ SBRA ☐ N/A			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
				Total MBE $_____
				Total WBE $_____
				Total SBRA $_____

Professional/Technical Services Contracts	DBE Type	Type of Product or Service	Contract Estimate $	Actual Amount Paid to MBE/WBE/SBRA Firm
				Municipality Completes at Project Closeout
Prime:	☐ MBE ☐ WBE ☐ SBRA ☐ N/A			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Prime:	☐ MBE ☐ WBE ☐ SBRA ☐ N/A			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Prime:	☐ MBE ☐ WBE ☐ SBRA ☐ N/A			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
Sub:	☐ MBE ☐ WBE ☐ SBRA			
				Total MBE $ _____ Total WBE $ _____ Total SBRA $ _____

*Type of Product or Service examples: landscaping, trucking, supplies, equipment, paving, concrete, plumbing, electrical, excavating, testing, design, etc.

Name of Person Completing This Form	Email Address	Phone Number

Certification		
I certify that, to the best of my knowledge and belief, the information provided on this form is complete and correct.		
Name/Title of **Municipal Official**	Signature	Date Signed

EXHIBIT F

PROJECT MANAGER SUMMARY PAGE

CITY OF STOUGHTON
SDWLP Project No. 5403-01

1. Project Description: The purpose of this project is to construct new elevated storage tank, connecting main and SCADA system modifications.

2. Ineligible Costs: A total of $126,160 is listed in the Ineligible column of the Project Budget Sheet Summary (Exhibit A) as a sanction for partial noncompliance with Disadvantaged Business Enterprise (DBE) requirements of the SDWLP. Also Engineering Construction Management services in the amount of $27,000 are ineligible

Contract 3-2009	CB & I Constructors Inc	$99,160
ECM Contract	Strand Associates	$27,000
Total		$126,160

If the Department identifies additional ineligible Project Costs as the Project progresses, the Department will notify the Municipality.

3. Other Funding Sources: The municipality is funding $126,160 in ineligible costs through internal funds.

4. Miscellaneous Costs: As shown in the Project Budget Sheet Summary (Exhibit A), SDWLP funding in the amount of $4,996 is included in the Miscellaneous category for:

   - Soil Borings* - $4,996

   Each construction-related item, denoted by an asterisk (*), will require review and approval by the regional Construction Management Engineer (CME) prior to reimbursement from the SDWLP. The municipality must provide the CME with a copy of the vendor's invoice, procurement method used and applicable state documentation. When the CME has determined eligibility and given approval, the municipality may request reimbursement from the SDWLP.

5. Contingency Allowance: The Contingency allowance of $54,166 is five percent of the amount of uncompleted construction work.

6. DBE Good Faith Effort: Under the SDWLP, municipalities are sanctioned for failure to comply with MBE/WBE/SBRA solicitation requirements. Up to 8% of eligible construction costs or $99,160 is declared ineligible for SDWLP funding. The municipality will pay these costs with internal funds.

7. Federal Single Audit: This project has been funded with federal funds and is subject to the Federal Single Audit requirements referenced in Section 5.21 of the FAA. If the municipality receives more than $500,000 of money that originates from any federal source in a calendar year, then it must commission a Federal Single Audit as a part of its regular financial audit.

EXHIBIT G

BUY AMERICAN AND WAGE RATE COMPLIANCE CERTIFICATION

[To Be Prepared on Municipal Letterhead at Project Completion and Closeout]

The undersigned officials of the City of Stoughton (the "Municipality") hereby certify that, for all expenditures made for construction of DNR Project No. 5403-01 (the "Project"), the Municipality has met the requirements of the prevailing wage requirement of Davis-Bacon. The Municipality further certifies that after taking into account any global or project-specific waivers approved by an authorized agency of the Federal government, the Municipality has also fully met the Buy American requirements contained in the federal American Recovery and Reinvestment Act of 2009 for the iron, steel, and manufactured goods used in the Project.

The above certification is determined, after due and diligent investigation, to be true and accurate to the best of my knowledge.

By: _____ Dated as of: _____
[Name of Highest Elected Official]

Attest: _____ Dated as of: _____
[Name of Clerk or Secretary]

EXHIBIT H

LIST OF FEDERAL LAWS AND AUTHORITIES

Environmental Authorities

- Archeological and Historic Preservation Act, Pub. L. 93-291, as amended
- Clean Air Act, Pub. L. 95-95, as amended
- Clean Water Act, Titles III, IV and V, Pub. L. 92-500, as amended
- Coastal Barrier Resources Act, Pub. L. 97-348
- Coastal Zone Management Act, Pub. L. 92-583, as amended
- Endangered Species Act, Pub. L. 92-205, as amended
- Environmental Justice, Executive Order 12898
- Flood Plain Management, Executive Order 11988 as amended by Executive Order 12148
- Protection of Wetlands, Executive Order 11990 as amended by Executive Order 12608
- Farmland Protection Policy Act, Pub. L. 97-98
- Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- Magnuson-Stevens Fishery Conservation and Management Act, Pub. L. 94-265
- National Historic Preservation Act, Pub. L. 89-655, as amended
- Safe Drinking Water Act, Pub. L. 92-523, as amended
- Wild and Scenic Rivers Act, Pub. L. 90-54, as amended

Economic and Miscellaneous Authorities

- Debarment and Suspension, Executive Order 12549
- Demonstration Cities and Metropolitan Development Act, Pub. L. 89-754, as amended, and Executive Order 12372
- Drug-Free Workplace Act, Pub. L. 100-690
- New Restrictions on Lobbying, Section 319 of Pub. L. 101-121
- Prohibitions relating to violations of the Clean Water Act or Clean Air Act with respect to Federal contracts, grants, or loans under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, and Executive Order 11738
- Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended

Civil Rights, Nondiscrimination, Equal Employment Opportunity Authorities

- Age Discrimination Act, Pub. L. 94-135
- Equal Employment Opportunity, Executive Order 11246
- Section 12 of the Clean Water Act, Pub. L. 92-500
- Section 504 of the Rehabilitation Act, Pub. L. 93-112 supplemented by Executive Orders 11914 and 11250
- Title VI of the Civil Rights Act, Pub. L. 88-352

Disadvantaged Business Enterprise Authorities

Participation by Disadvantaged Business Enterprises in Procurement Under Environmental Protection Agency (EPA) Financial Assistance Agreements

RETURN INSTRUCTIONS

- ✓ Sign the Financial Assistance Agreement (FAA) at your municipal meeting on JANUARY 12, 2010.
- ✓ Return the FAA to your DNR Project Manager. Choose a delivery method that will get the FAA to DNR within two days after your meeting date (by JANUARY 14, 2010).

Returning the FAA to DNR immediately is important. This allows your project manager enough time to obtain signatures at DOA and DNR and to provide copies to your bond counsel to include in the bond transcript prior to the loan closing.

The DNR postal address is:

NAVIN JARUGUMILLI
DEPARTMENT OF NATURAL RESOURCES - CF/2
COMMUNITY FINANCIAL ASSISTANCE
PO BOX 7921
MADISON WI 53707-7921

The DNR street address for overnight delivery services is:

NAVIN JARUGUMILLI - 2nd Floor --- RECOMMENDED
DEPARTMENT OF NATURAL RESOURCES
COMMUNITY FINANCIAL ASSISTANCE
101 S. WEBSTER ST.
MADISON WI 53703

The general telephone number for the DNR Bureau of Community Financial Assistance is (608) 266-7555.

Quarles & Brady LLP

411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-4497
Tel 414.277.5000
Fax 414.271.3552
www.quarles.com

Attorneys at Law in:
Phoenix and Tucson, Arizona
Naples, Florida
Chicago, Illinois
Milwaukee and Madison, Wisconsin

January 7, 2010

VIA EMAIL AND REGULAR MAIL

Ms. Luann J. Alme
City Clerk
City of Stoughton
381 East Main Street
Stoughton, WI 53589

Scope of Engagement Re: Proposed Issuance of $613,751 City of Stoughton (the "City") Waterworks System Revenue Bonds, Series 2010 (Safe Drinking Water Loan)

Dear Ms. Alme:

We are pleased to be working with you again as the City's bond counsel.

The purpose of this letter is to set forth the role we propose to serve and responsibilities we propose to assume as bond counsel in connection with the issuance of the above-referenced bonds (the "Bonds") by the City.

Role of Bond Counsel

Bond counsel is engaged as a recognized independent expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of municipal obligations. As bond counsel we will: examine applicable law; prepare authorizing and closing documents; consult with the parties to the transaction, including the City's financial advisor, prior to the issuance of the Bonds; review certified proceedings; and undertake such additional duties as we deem necessary to render the opinion.

Subject to the completion of proceedings to our satisfaction, we will render our opinion that:

1) the City has authority to issue the Bonds for the purpose in question and has followed proper procedures in doing so;

2) the Bonds are valid and binding obligations of the City according to their terms; and,

3) the interest paid on the Bonds will be excludable from gross income for federal income tax purposes (subject to certain limitations which may be expressed in the opinion).

The opinion will be executed and delivered by us in written form on the date the Bonds are exchanged for their purchase price (the "Closing") and will be based on facts and law existing as of its date. Upon delivery of the opinion, our responsibilities as bond counsel will be concluded with respect to this financing; specifically, but without implied limitation, we do not undertake (unless separately engaged) to provide any post-closing compliance services including any assistance with the City's continuing disclosure commitment, ongoing advice to the City or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excluded from gross income for federal income tax purposes or participating in an Internal Revenue Service survey regarding or audit of the Bonds.

In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation.

As bond counsel, we do not advocate the interests of the City or any other party to the transaction. We assume that the parties to the transaction will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction.

Diversity of Practice; Consent to Unrelated Engagements

Because of the diversity of practice of our firm, members of our firm other than those who serve you may be asked to represent other clients who have dealings with the City regarding such matters as zoning, licensing, land division, real estate, property tax or other matters which are unrelated to our bond counsel work. Ethical requirements sometimes dictate that we obtain the City's consent to such situations even though our service to you is limited to the specialized area of bond counsel. We do not represent you in legal matters regularly, although we may be called upon for special representation occasionally, and our bond counsel work does not usually provide us information that will be disadvantageous to you in other representations. We do not believe that such representations of others would adversely affect our relationship with you, and we have found that local governments generally are agreeable to the type of unrelated representation described above. We would like to have an understanding with you that the City consents to our firm undertaking representations of this type. Your approval of this letter will serve to confirm that the City has no objection to our representation of other clients who have dealings with the City, unrelated to the borrowing and finance area or any other area in which we have agreed to serve it. If you have any questions or would like to discuss this consent further, please call us.

We also want to advise you that from time to time we represent the purchaser of the Bonds, the State of Wisconsin, and various departments and agencies of the State (collectively, the "State"). In past transactions that are not related to the issuance of the Bonds and our role as bond counsel to the City, we may have served as bond counsel or other counsel to the State. We may also be asked to represent the State in future transactions that are not related to the issuance

of the Bonds or our role as bond counsel to the City. We would like to have an understanding with you that the City consents to our firm undertaking representations of this type.

As bond counsel, we will not assume or undertake responsibility for the preparation of an Official Statement or other disclosure document with respect to the Bonds, nor are we responsible for performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document. However, if a disclosure document is prepared and adopted or approved by the City, we will either prepare or review any description therein of: i) Wisconsin and federal law pertinent to the validity of the Bonds and the tax treatment of interest paid thereon and (ii) our opinion.

Fees

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing, (ii) the duties we will undertake pursuant to this letter, (iii) the time we anticipate devoting to the financing, and (iv) the responsibilities we assume, we estimate that our fee as bond counsel would be approximately $6,000, including all expenses. Such fee and expenses may vary: (i) if the principal amount of Bonds actually issued differs significantly from the amount stated above, (ii) if material changes in the structure of the financing occur, or (iii) if unusual or unforeseen circumstances arise which require a significant increase in our time, expenses or responsibility. If at any time we believe that circumstances require an adjustment of our original fee estimate, we will make every attempt to consult with you. It is our understanding that the City is responsible for our fee.

If, for any reason, the financing is not consummated or is completed without the rendition of our opinion as bond counsel, we will expect to be compensated at our normal hourly rates for time actually spent, plus out-of-pocket expenses. Our fee is usually paid either at the Closing out of proceeds of the Bonds or pursuant to a statement rendered shortly thereafter. We customarily do not submit any statement until the Closing unless there is a substantial delay in completing the financing.

Limited Liability Partnership

Our firm is a limited liability partnership ("LLP"). Because we are an LLP, no partner of the firm has personal liability for any debts or liabilities of the firm except as otherwise required by law, and except that each partner can be personally liable for his or her own malpractice and for the malpractice of persons acting under his or her actual supervision and control. As an LLP we are required by our code of professional conduct to carry at least $10,000,000 of malpractice insurance; currently, we carry coverage with limits substantially in excess of that amount. Please call me if you have any questions about our status as a limited liability partnership.

Conclusion and Request for Signed Copy

If the foregoing terms of this engagement are acceptable to you, please so indicate by returning the enclosed copy of this letter dated and signed by an appropriate officer, retaining the original for your files. If we do not hear from you within thirty (30) days, we will assume that these terms are acceptable to you, but we would prefer to receive a signed copy of this letter from you.

We are looking forward to working with you and the City in this regard.

Very truly yours,

QUARLES & BRADY LLP

Rebecca Speckhard

Rebecca A. Speckhard

RAS:TAB:afirkus
Enclosures
cc: Mr. James S. Griffin (via email)
Mr. Robert Kardasz, P.E. (via email)
Ms. Kim M. Jennings, CPA (via email)
Ms. Laurie Sullivan (via email)
Matthew T. Roethe, Esq. (via email)

Accepted and Approved:

CITY OF STOUGHTON

By:_____

Its:_____
Title

Date:_____