

**CITY OF SHEBOYGAN
RESOLUTION 145-24-25**

BY ALDERPERSONS MITCHELL AND PERRELLA.

JANUARY 6, 2025.

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$846,365 TAXABLE GENERAL OBLIGATION LEAD SERVICE LINE REPLACEMENT PROMISSORY NOTES, SERIES 2025, AND PROVIDING FOR OTHER DETAILS AND COVENANTS WITH RESPECT THERETO

WHEREAS, the City of Sheboygan, Sheboygan County, Wisconsin (the "Municipality") owns and operates a water utility which is operated for a public purpose as a public utility by the Municipality; and

WHEREAS, certain improvements, including the replacement of private side lead service lines, 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. 4901-11 by the Department of Natural Resources; and

WHEREAS, under the provisions of Section 67.12(12), Wisconsin Statutes, any municipality (as defined in Section 67.01(5), Wisconsin Statutes) may, by action of its governing body, issue promissory notes as evidence of indebtedness for any public purpose (as defined in Section 67.04(1)(b), Wisconsin Statutes) which promissory notes are general obligations of the municipality; and

WHEREAS, the Municipality deems it to be necessary, desirable and in its best interest to authorize and sell general obligation promissory notes of the Municipality, pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, to pay the cost of the Project; and

WHEREAS, such notes are to be issued for purposes of Sections 281.58, 281.59, 281.60 or 281.61, Wisconsin Statutes; and

WHEREAS, due to certain provisions of the Internal Revenue Code of 1986, as amended, it is necessary to issue such notes on a taxable basis, and the State of Wisconsin Safe Drinking Water Loan Program has approved the issuance of such notes on a taxable basis; and

WHEREAS, the Municipality currently has outstanding general obligation indebtedness totaling \$71,925,000.

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 Chapter 67, Wisconsin Statutes;
- (b) "Bond Registrar" means the Municipal Treasurer which shall act as Paying Agent for the Notes;
- (c) "Debt Service Fund" means the Debt Service Fund of the Municipality, which shall be the "debt service fund" as such term is defined in the Act;
- (d) "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 Notes are to be issued and sold to the State, substantially in the form attached hereto and incorporated herein by this reference;
- (e) "Fiscal Year" means the twelve-month period ending on each December 31;
- (f) "Governing Body" means the Common Council, or such other body as may hereafter be the chief legislative body of the Municipality;
- (g) "Municipal Treasurer" means the Treasurer of the Municipality who shall act as Bond Registrar and Paying Agent;
- (h) "Municipality" means the City of Sheboygan, Sheboygan County, Wisconsin;
- (i) "Notes" means the \$846,365 Taxable General Obligation Lead Service Line Replacement Promissory Notes, Series 2025, of the Municipality dated their date of issuance, authorized to be issued by this Resolution;
- (j) "Note Year" means the twelve-month period ending on each May 1;
- (k) "Project" means the Project described in the preamble to this Resolution; and
- (l) "Record Date" means the close of business on the fifteenth day of the calendar month next preceding any principal or interest payment date.

Section 2. Authorization of the Notes 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 full faith and credit of the Municipality up to the sum of \$846,365; and fully registered general obligation promissory notes 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 Notes. The Notes shall be designated "Taxable General Obligation Lead Service Line Replacement Promissory Notes, Series 2025" (the "Notes"); shall be dated their date of issuance; shall be numbered one and upward; shall bear interest at the rate of 0.250% 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 Note 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 Notes shall be payable commencing on May 1, 2025 and semiannually thereafter on May 1 and November 1 of each year. The Notes shall not be subject to redemption prior to maturity except as provided in the Financial Assistance Agreement.

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

The Notes 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 Notes 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 Notes 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 Note will be payable upon presentation and surrender of the Note to the Bond Registrar. Payment of principal on the Note and each installment of interest shall be made to the registered owner of each Note who shall appear on the registration books of the Municipality, maintained by the Bond Registrar, on the Record Date and shall be paid by electronic transfer or by check or draft of the Municipality (as directed by the registered owner) and if by check or draft, 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. Application of Note Proceeds; Borrowed Money Fund. The sale proceeds of the Notes (exclusive of accrued interest and any premium received, which shall be deposited in the Debt Service Fund) shall, forthwith upon receipt, be placed in and kept by the Treasurer as a separate fund to be known as the "Taxable General Obligation Lead Service Line Replacement Promissory Notes, Series 2025, Borrowed Money Fund" (hereinafter referred to as the "Borrowed Money Fund"). Monies in the Borrowed Money Fund shall be used solely for the purposes for which borrowed or for transfer to the Debt Service Fund as provided by law. Moneys in the Borrowed Money 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 6. Tax Levy. (a) For the express purpose of paying interest on the Notes as it falls due and also to pay and discharge the principal thereof at maturity, the full faith, credit and taxing powers of the Municipality are hereby pledged and there is hereby levied upon all of the taxable property in the Municipality, in addition to all other taxes, a direct, annual irrevocable tax in an amount and at the times sufficient for that purpose. This tax shall be levied in the years 2025 through 2033, inclusive, and shall be in such amounts as are necessary to provide for payment of the principal of and interest on the Notes in 2025 through 2034, inclusive, when due. The amount of the tax levied for the year 2025 shall be the total amount of debt service due on the Notes in the

years 2025 and 2026; provided that the amount of such tax carried onto the tax rolls shall be abated by any amounts appropriated pursuant to subsection (d) below which are applied to payment of interest on the Notes in the year 2025.

Assuming the entire principal amount of the Notes is drawn as of the closing date, this tax will be levied for collection in the following years in the following amounts:

<u>Tax Collection Year</u>	<u>Amount</u>
2025	\$ 1,598.69
2026	2,115.92
2027	106,858.20
2028	106,857.87
2029	106,857.55
2030	106,857.22
2031	106,856.88
2032	106,856.55
2033	106,856.22
2034	106,855.89

The actual tax carried onto the tax rolls each year shall equal the amount necessary to repay the actual principal amount drawn under the Notes, and any interest thereon, when due.

(b) The Municipality shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Notes, said tax shall be, from year to year, carried into the tax rolls of the Municipality and collected as other taxes are collected, provided that the amount of tax carried into said tax rolls may be reduced in any year by the amount of any surplus money in the Debt Service Fund created in Section 7 hereof.

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

(d) There be and there hereby is appropriated from funds of the Municipality on hand a sum sufficient to be deposited in the Debt Service Fund to meet payments with respect to debt service due in 2025.

Section 7. Debt Service Fund. The proceeds of the taxes levied pursuant to Section 6 above, when collected by the Municipal Treasurer, and such further deposits as may be required by Section 67.11, Wisconsin Statutes, shall be placed and kept by the Municipal Treasurer as a separate fund irrevocably pledged for paying the principal of and interest on the Notes so long as any such Notes shall remain outstanding, to be known as the "Taxable General Obligation Lead Service Line Replacement Promissory Notes, Series 2025 Debt Service Fund" (hereinafter referred to as "Debt Service Fund"). The accrued interest and any premium received at the time of delivery

of the Notes shall be paid into the Debt Service Fund. Interest on or principal of the Notes falling due at any time when there shall be on hand in the Debt Service Fund insufficient funds for the payment of such principal and interest shall be paid promptly when due from other funds of the Municipality.

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 Notes 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 of the Wisconsin Statutes and may be temporarily invested until needed in legal investments subject to the provisions of Section 66.0603(1m) and 67.10(3), Wisconsin Statutes. All income derived from such investments shall be regarded as revenues of the Municipality.

Section 9. Operation of Project; Municipality Covenants. It is covenanted and agreed by the Municipality with the owner or owners of the Notes, 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 10. Sale of Notes. The sale of the Notes to the State of Wisconsin Safe Drinking Water Loan Program for the purchase price of up to \$846,365 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 Notes as hereinabove provided, necessary to conclude delivery of the Notes to said purchaser, as soon after adoption of this Resolution as is convenient. The purchase price for the Notes 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 Notes.

Section 11. Amendment to Resolution. After the issuance of any of the Notes, no change or alteration of any kind in the provisions of this Resolution may be made until all of the Notes have been paid in full as to both principal and interest, or discharged as herein provided, except: (a) the Municipality may, from time to time, amend this Resolution without the consent of any of the owners of the Notes, 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 Notes then outstanding, exclusive of Notes held by the Municipality; provided, however, that no amendment shall permit any change in the pledge of tax revenues of the Municipality or the maturity of any Note issued hereunder, or a reduction in the rate of interest on any Note, 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 Notes 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 Note to which the change is applicable.

Section 12. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Municipality and the owner or owners of the Notes, and after issuance of any of the Notes no change or alteration of any kind in the provisions of this Resolution may be made, except as provided in Section 11, until all of the Notes have been paid in full as to both principal and interest. The owner or owners of any of the Notes 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 take any and all actions necessary to carry out all of the provisions and agreements contained in this Resolution.

Section 13. Requirements of Municipality. The officers of the Municipality, staff of the Municipality, attorneys for the Municipality, financial consultants of the Municipality, or other agents or employees of the Municipality are hereby authorized to do all acts and things required of them by this Resolution for the full, punctual and complete performance of all of the provisions of this Resolution.

Section 14. Illegal or Invalid Provisions. In case any one or more of the provisions of this Resolution or any of the Notes shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Notes.

Section 15. 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 16. Conflicting Resolutions. All ordinances, 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.

PASSED AND ADOPTED BY THE CITY OF SHEBOYGAN COMMON COUNCIL

_____.

Presiding Officer

Attest

Ryan Sorenson, Mayor, City of
Sheboygan

Meredith DeBruin, City Clerk, City of
City of Sheboygan

EXHIBIT A

(Form of Municipal Obligation)

REGISTERED
NO. _____

UNITED STATES OF AMERICA
STATE OF WISCONSIN
SHEBOYGAN COUNTY
CITY OF SHEBOYGAN

REGISTERED
\$ _____

TAXABLE GENERAL OBLIGATION LEAD SERVICE LINE REPLACEMENT
PROMISSORY NOTE, SERIES 2025

Final
Maturity Date

May 1, 2034

Date of
Original Issue

_____, 20__

REGISTERED OWNER: STATE OF WISCONSIN SAFE DRINKING WATER LOAN
PROGRAM

FOR VALUE RECEIVED the City of Sheboygan, Sheboygan County, Wisconsin (the "Municipality") hereby acknowledges itself to owe and promises to pay to the registered owner shown above, or registered assigns, 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, 2027 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 0.250% 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, 2025.

The principal amount evidenced by this Note 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 (the "Financial Assistance Agreement") 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, 2027 in an amount equal to an amount which when amortized over the remaining term of this Note plus current payments of interest (but only on amounts drawn hereunder) at Zero and 250/1000ths percent (0.250%) 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 Note shall be payable only upon presentation and surrender of this Note at the office of the Municipal Treasurer. Principal hereof and interest hereon shall be payable by electronic transfer or by check or draft dated on or before the applicable payment date (as directed by the registered owner) and if by check or draft, mailed from the office of the Municipal Treasurer to the person in whose name this Note is registered at the close of business on the fifteenth day of the calendar month next preceding such interest payment date.

This Note shall not be redeemable prior to its maturity, except as provided in the Financial Assistance Agreement.

This Note 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 Note, 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 Note shall be issued to the transferee in exchange therefor. The Municipality may deem and treat the person in whose name this Note 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 Note is issuable solely as a negotiable, fully-registered note, without coupons, and in denominations of \$0.01 or any integral multiple thereof.

This Note is issued for the purpose of providing for the payment of the cost of replacing private lead service lines, pursuant to Article XI, Section 3, of the Wisconsin Constitution, Section 67.12(12), Wisconsin Statutes, and a resolution adopted January 6, 2025, and entitled: "Resolution Authorizing the Issuance and Sale of Up to \$846,365 Taxable General Obligation Lead Service Line Replacement Promissory Notes, Series 2025, and Providing for Other Details and Covenants With Respect Thereto". The principal of and interest on this Note are payable in lawful money of the United States of America as aforesaid, and for the prompt payment of the principal and interest on this Note, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the Municipality are hereby irrevocably pledged.

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 Note have existed, have happened and have been performed in due time, form and manner as required by law; that the indebtedness of the Municipality, including this Note and the issue of which it is a part, does not exceed any limitation, general or special, imposed by law; and that a valid, direct, annual irrevocable tax has been levied by the Municipality sufficient to pay the interest on this Note when it falls due and also to pay and discharge the principal hereof at maturity.

IN WITNESS WHEREOF, the Municipality has caused this Note 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 SHEBOYGAN, WISCONSIN

(SEAL)

By: _____
Ryan Sorenson
Mayor

By: _____
Meredith DeBruin
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 Note and all rights thereunder, hereby irrevocably constituting and appointing

Attorney to transfer said Note 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 Note in every particular, without alteration or enlargement or any change whatever.

Signature(s) guaranteed by

SCHEDULE A

\$846,365

CITY OF SHEBOYGAN, WISCONSIN
TAXABLE GENERAL OBLIGATION LEAD SERVICE LINE REPLACEMENT
PROMISSORY NOTES, SERIES 2025

<u>Amount of Disbursement</u>	<u>Date of Disbursement</u>	<u>Series of Notes</u>	<u>Principal Repaid</u>	<u>Principal Balance</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

COPY

SCHEDULE A (continued)

PRINCIPAL REPAYMENT SCHEDULE

<u>Date</u>	<u>Amount</u>
May 1, 2027	\$104,873.38
May 1, 2028	105,135.56
May 1, 2029	105,398.40
May 1, 2030	105,661.90
May 1, 2031	105,926.05
May 1, 2032	106,190.87
May 1, 2033	106,456.35
May 1, 2034	106,722.49

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