

Resolution No. 2007-7

RESOLUTION AUTHORIZING THE BORROWING  
OF \$2,600,000;  
PROVIDING FOR THE ISSUANCE AND SALE OF  
TAXABLE GENERAL OBLIGATION PROMISSORY NOTES  
THEREFOR; AND LEVYING A  
TAX IN CONNECTION THEREWITH

WHEREAS, the Town Board hereby finds and determines that it is necessary, desirable and in the best interest of the Town of Cedarburg, Ozaukee County, Wisconsin (the "Town") to raise funds for the purpose of paying the cost of acquiring land (the "Project"), and there are insufficient funds on hand to pay said costs;

WHEREAS, the Town Board hereby finds and determines that the Project is within the Town's power to undertake and serves a "public purpose" as that term is defined in Section 67.04(1)(b) of the Wisconsin Statutes;

WHEREAS, towns are authorized by the provisions of Section 67.12(12) of the Wisconsin Statutes to borrow money and to issue taxable general obligation promissory notes for such public purposes; and

WHEREAS, due to certain provisions contained in the Internal Revenue Code of 1986, as amended, it is necessary to issue such general obligation promissory notes on a taxable rather than tax-exempt basis; and

WHEREAS, the Town Board now deems it to be necessary, desirable and in the best interest of the Town to authorize the issuance of and to award the sale of its taxable general obligation promissory notes to Hutchinson, Shockey, Erley & Co., Milwaukee, Wisconsin.

NOW, THEREFORE, BE IT RESOLVED by the Town Board of the Town that:

Section 1. Authorization of the Notes. For the purpose of paying the cost of the Project, there shall be borrowed pursuant to Section 67.12(12) of the Wisconsin Statutes, the principal sum of TWO MILLION SIX HUNDRED THOUSAND DOLLARS (\$2,600,000) from Hutchinson, Shockey, Erley & Co., Milwaukee, Wisconsin (the "Purchaser") in accordance with the terms and conditions of its

purchase proposal (the "Proposal") attached hereto as Exhibit A and incorporated herein by this reference.

Section 2. Sale of the Notes. To evidence such indebtedness, the Chairperson and Town Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to the Purchaser for, on behalf of and in the name of the Town, Taxable General Obligation Promissory Notes aggregating the principal amount of TWO MILLION SIX HUNDRED THOUSAND DOLLARS (\$2,600,000) (the "Notes") for the sum set forth on the Proposal, plus accrued interest to the date of delivery.

Section 3. Terms of the Notes. The Notes shall be designated "Taxable General Obligation Promissory Notes"; shall be dated March 15, 2007; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered 1 and upward; shall bear interest at the rate and shall mature on December 1, 2009 as set forth on the schedule prepared by the Purchaser and attached hereto as Exhibit B (the "Schedule"). Interest is payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2007.

Section 4. Redemption Provisions. At the option of the Town, the Notes shall be subject to redemption prior to maturity on December 1, 2008 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Section 5. Form of the Notes. The Notes shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit C and incorporated herein by this reference.

Section 6. Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Notes as the same becomes due, the full faith, credit and resources of the Town are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the Town a direct annual irrepealable tax in the years 2007 and 2008 for the payments due in the years 2008 and 2009 in the amounts set forth on the Schedule.

The direct annual irrepealable tax hereby levied shall be carried onto the tax roll and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the Town for said years are collected. So long as any part of the principal of or interest on the Notes remains unpaid, the tax hereinabove levied shall be and continues irrepealable

except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus in the Debt Service Fund Account created below.

Upon receipt of the proceeds of the Notes, the Town shall set aside from said proceeds a sum sufficient to be used solely to pay the interest on the Notes coming due on December 1, 2007 as set forth on the Schedule. Said sum shall be irrevocably deposited into the segregated Debt Service Fund Account for the Notes created below.

Section 7. Segregated Debt Service Fund Account. There is hereby established in the Town treasury a fund account separate and distinct from all other funds or accounts of the Town designated "Debt Service Fund Account for \$2,600,000 Town of Cedarburg Taxable General Obligation Promissory Notes, dated March 15, 2007", which fund account shall be used solely for the purpose of paying the principal of and interest on the Notes. There shall be deposited in said fund account all accrued interest paid on the Notes at the time the Notes are delivered to the Purchaser, any premium, all money raised by taxation pursuant to Section 6 hereof and all other sums as may be necessary to pay principal of and interest on the Notes as the same becomes due. Said fund account shall be used for the sole purpose of paying the principal of and interest on the Notes and shall be maintained for such purpose until such indebtedness is fully paid or otherwise extinguished.

Section 8. Borrowed Money Fund. The proceeds of the Notes (the "Note Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Notes into the Debt Service Fund Account created above) shall be deposited into an account separate and distinct from all other funds and disbursed solely for the purposes for which borrowed or for the payment of the principal of and the interest on the Notes.

Section 9. Execution of the Notes. The Notes shall be issued in typewritten or printed form, executed on behalf of the Town by the manual or facsimile signatures of the Chairperson and Town Clerk, authenticated, if required, by its fiscal agent, if any, sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the Town of the purchase price thereof, plus accrued interest to the date of delivery. In the event that either of the officers whose signatures appear on the Notes shall cease to be such officers before the delivery of the Notes, such signatures shall, nevertheless, be valid and sufficient for all purposes to

the same extent as if they had remained in office until such delivery. The aforesaid officers are hereby authorized to do all acts and execute and deliver all documents as may be necessary and convenient to effectuate the Closing.

Section 10. Payment of the Notes. The principal of and interest on the Notes shall be paid in lawful money of the United States of America by the Town Clerk or Town Treasurer.

Section 10A. Persons Treated as Owners; Transfer of Notes. The Town shall keep books for the registration and for the transfer of the Notes. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Note shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note at the office of the Town Clerk, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the Chairperson and Town Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the Town Clerk shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Town Clerk shall cancel any Note surrendered for transfer.

The Town shall cooperate in any such transfer, and the Chairperson and Town Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

The fifteenth day of each calendar month next preceding each interest payment date shall be the record date for the Notes. Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the Town at the close of business on the corresponding record date.

Section 11. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Notes eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the Town agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations. The Town Clerk or other authorized representative of the Town is

authorized and directed to execute such Blanket Issuer Letter of Representations and deliver it to DTC on behalf of the Town.

Section 12. Undertaking to Provide Continuing Disclosure. The Town hereby covenants and agrees, for the benefit of the holders of the Notes, to enter into a written undertaking (the "Undertaking") required by SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") to provide continuing disclosure of certain financial information and operating data upon request and timely notices of the occurrence of certain events in accordance with the Rule. This Undertaking shall be enforceable by the holders of the Notes or by the Purchaser on behalf of such holders (provided that the rights of the holders and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations hereunder and any failure by the Town to comply with the provision of this Undertaking shall not be an event of default with respect to the Notes).

The Town Clerk, or other officer of the Town charged with the responsibility for issuing the Notes, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the Town's Undertaking.

Section 13. Bond Insurance. The Chairperson and Town Clerk are authorized to agree to such additional provisions as any municipal bond insurer which makes a commitment accepted by the Town to insure the Notes may reasonably request and which are acceptable to the Chairperson and Town Clerk, including provisions regarding restrictions on investment of Note Proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Notes by the bond insurer and notices to be given to the bond insurer. In addition, appropriate reference to the municipal bond insurance policy shall be made in the form of Note provided herein.

Section 14. Conflicting Resolutions; Severability;  
Effective Date. All prior resolutions, rules or other actions of the Town Board or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted and recorded March 7, 2007.

\_\_\_\_\_  
David Valentine  
Chairperson

ATTEST:

\_\_\_\_\_  
Karen M. Behrens  
Town Clerk

(SEAL)

EXHIBIT A

Note Purchase Proposal

To be provided by Hutchinson, Shockey, Erley & Co. and  
incorporated into the Resolution.



March 7, 2007

Town Chairman and Board  
Town of Cedarburg  
1293 Washington Avenue  
Cedarburg, WI 53012

Re: \$2,600,000  
Taxable General Obligation Promissory Notes  
Dated March 15, 2007

Dear Mr. Valentine and Town Board Members:

At the present time the Town of Cedarburg (the "Town") is in need of funds for the purpose of paying the cost of acquiring land.

Based upon the foregoing, Hutchinson, Shockey, Erley & Co. (the "Purchaser") will pay the Town the sum of \$2,590,000.00 plus accrued interest from March 15, 2007 to the date of delivery of \$2,600,000 par value of the Town of Cedarburg Taxable General Obligation Promissory Notes dated March 15, 2007 (the "Notes").

The Notes shall mature and pay interest as set forth on the attached Debt Service Schedule and are more fully described in the Preliminary Official Statement dated February 26, 2007, which is incorporated herein by this reference.

The Town agrees to issue and deliver the Notes in book-entry-only form via Depository Trust Company, New York, New York as securities depository for the Notes.

The obligations of the Purchaser to accept delivery of and make payment for the Notes, is strictly contingent upon the following:

1. The Town shall agree that the Preliminary Official Statement dated February 26, 2007, has been and may be used by Hutchinson, Shockey, Erley & Co. in connection with the offering of the Notes until the Final Official Statement is delivered to the Purchaser.
2. That no representation of the Town contained in the Official Statement or the note resolution shall prove to have been false in any material respect.
3. That no litigation shall be pending or threatened concerning the issuance of the Notes, the tax exempt nature of the Notes, or the validity of the note resolution.



Town Chairman and Board  
Town of Cedarburg  
March 7, 2007  
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4. That no impediment exists for the issuance of the unqualified approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.
5. That no action by Congress, the Securities and Exchange Commission or a court shall have occurred which would require the registration of the Notes under the Securities Act of 1933, as amended.
6. That no material restriction not presently in force on trading in securities generally shall have been imposed.
7. That no banking moratorium shall have been imposed.
8. The Purchaser shall pay the following expenses:
  - a. Bond Counsel fee (Quarles & Brady LLP); and
  - b. Cost of printing and distribution of offering materials.

This proposal is for your prompt acceptance.

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Jeffery G. Belongia  
Senior Vice President  
Hutchinson, Shockey, Erley & Co.

cc: Julie Ebert  
Quarles & Brady LLP

Accepted this 7th day of March, 2007.

Town of Cedarburg

by:

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David Valentine  
Chairman

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Karen M. Behrens  
Clerk

**Town of Cedarburg, WI**

\$2,600,000 Taxable G.O. Promissory Notes

March 15, 2007

CLOSING: 3/21/07

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/21/2007	-	-	-	-	-
12/01/2007	-	-	108,622.22	108,622.22	108,622.22
06/01/2008	-	-	76,375.00	76,375.00	-
12/01/2008	-	-	76,375.00	76,375.00	152,750.00
06/01/2009	-	-	76,375.00	76,375.00	-
12/01/2009	2,600,000.00	5.875%	76,375.00	2,676,375.00	2,752,750.00
<b>Total</b>	<b>\$2,600,000.00</b>	<b>-</b>	<b>\$414,122.22</b>	<b>\$3,014,122.22</b>	<b>-</b>

**Yield Statistics**

Accrued Interest from 03/15/2007 to 03/21/2007	2,545.83
Bond Year Dollars	\$7,048.89
Average Life	2.711 Years
Average Coupon	5.8750000%
Net Interest Cost (NIC)	6.0168663%
True Interest Cost (TIC)	6.0208733%
Bond Yield for Arbitrage Purposes	5.2112448%
All Inclusive Cost (AIC)	6.0208733%
<b>IRS Form 8038</b>	
Net Interest Cost	5.4325224%
Weighted Average Maturity	2.694 Years

EXHIBIT B

Debt Service Schedule and Tax Levies

To be provided by Hutchinson, Shockey, Erley & Co. and  
incorporated into the Resolution.

**Town of Cedarburg, WI**

\$2,600,000 Taxable G.O. Promissory Notes

March 15, 2007

CLOSING: 3/21/07

**EXHIBIT B**

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/21/2007	-	-	-	-	-
12/01/2007	-	-	108,622.22	108,622.22	108,622.22
06/01/2008	-	-	76,375.00	76,375.00	-
12/01/2008	-	-	76,375.00	76,375.00	152,750.00
06/01/2009	-	-	76,375.00	76,375.00	-
12/01/2009	2,600,000.00	5.875%	76,375.00	2,676,375.00	2,752,750.00
<b>Total</b>	<b>\$2,600,000.00</b>	-	<b>\$414,122.22</b>	<b>\$3,014,122.22</b>	-

**Yield Statistics**

Accrued Interest from 03/15/2007 to 03/21/2007	2,545.83
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<b>IRS Form 8038</b>	
Net Interest Cost	5.4325224%
Weighted Average Maturity	2.694 Years

EXHIBIT C  
(Form of Note)

REGISTERED UNITED STATES OF AMERICA DOLLARS  
STATE OF WISCONSIN  
OZAUKEE COUNTY  
NO. R-\_\_\_\_ TOWN OF CEDARBURG \$\_\_\_\_\_  
TAXABLE GENERAL OBLIGATION PROMISSORY NOTE

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:  
December 1, 2009 March 15, 2007 \_\_\_\_\_% \_\_\_\_\_

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

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

FOR VALUE RECEIVED, the Town of Cedarburg, Ozaukee County, Wisconsin (the "Town"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. Interest is payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2007 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Note are payable in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Note is registered on the Bond Register maintained by the Town Clerk or Town Treasurer at the close of business on the 15th day of the calendar month next preceding the semi-annual interest payment date (the "Record Date").

For the prompt payment of this Note together with interest hereon as aforesaid and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the Town are hereby irrevocably pledged.

This Note is one of an issue of Notes aggregating the principal amount of \$2,600,000, all of which are of like tenor, except as to denomination, interest rate, maturity date and redemption provision, issued by the Town pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for the purpose of paying the cost of acquiring land, all as authorized by a resolution of the Town Board duly adopted by said governing body at a meeting held on March 7, 2007. Said resolution is recorded in the official minutes of the Town Board for said date.

At the option of the Town, the Notes are subject to redemption prior to maturity on December 1, 2008 or on any date thereafter. Said Notes are redeemable as a whole or in part, by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

In the event the Town exercises its option to redeem the Notes prior to maturity, as long as the Notes are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission or electronic transmission, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Notes of a maturity are to be called for redemption, the Notes of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation, date and maturities of the Notes called for redemption, CUSIP numbers, and the date of redemption. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Notes shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Notes shall no longer be deemed to be outstanding.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the Town, including this Note and others issued simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; the Town has set aside from the Notes Proceeds a sum sufficient which has been irrevocably deposited in the debt service fund account for the Notes to be used solely to pay the

interest coming due on December 1, 2007; and that a direct annual irrevocable tax has been levied sufficient to pay this Note, together with the remaining interest thereon, when and as payable.

This Note is transferable only upon the books of the Town kept for that purpose at the office of the Town Clerk or Town Treasurer, only in the event that the Depository does not continue to act as depository for the Notes, and the Town appoints another depository, upon surrender of the Note to the Town Clerk or Town Treasurer, and thereupon a new fully registered Note in the same aggregate principal amount shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the Town for any tax, fee or other governmental charge required to be paid with respect to such registration. The Town shall not be obliged to make any transfer of the Notes (i) after the Record Date, (ii) during the fifteen (15) calendar days preceding the date of any publication of notice of any proposed redemption of the Notes, or (iii) with respect to any particular Note, after such Note has been called for redemption. The Town may treat and consider the Depository 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 redemption price hereof and interest due hereon and for all other purposes whatsoever.

IN WITNESS WHEREOF, the Town of Cedarburg, Ozaukee County, Wisconsin, by its governing body, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Chairperson and Town Clerk; and to be sealed with its official or corporate seal, if any, all as of the 15th day of March, 2007.

TOWN OF CEDARBURG,  
OZAUKEE COUNTY, WISCONSIN

By: \_\_\_\_\_  
David Valentine  
Chairperson

(SEAL)

COPY

By: \_\_\_\_\_  
Karen M. Behrens  
Town Clerk



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto \_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_,  
Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

COPY

\_\_\_\_\_  
(e.g. Bank, Trust Company  
or Securities Firm)

\_\_\_\_\_  
(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

\_\_\_\_\_  
(Authorized Officer)