

By: Alderman Spangenberg COMMON COUNCIL Dated: September 19, 2006  
OF THE  
CITY OF RACINE

RESOLUTION NO. \_\_\_\_\_

RESOLUTION AUTHORIZING THE BORROWING  
OF \$4,040,000;  
PROVIDING FOR THE ISSUANCE AND SALE OF  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2006B,  
THEREFOR; AND LEVYING A  
TAX IN CONNECTION THEREWITH

WHEREAS, the Common Council of the City of Racine, Racine County, Wisconsin (the "City") hereby finds and determines that it is necessary, desirable and in the best interest of the City to raise funds for the purpose of paying the cost of refunding certain outstanding obligations of the City, to wit: \$2,000,000 Note Anticipation Notes, dated July 30, 2003 (the "2003 Notes") and \$2,000,000 Note Anticipation Notes, Series 2004B, dated August 10, 2004 (the "2004 Notes") (hereinafter the refinancing of the City's 2003 Notes and 2004 Notes shall be referred to as the "Refunding"), and there are insufficient funds on hand to pay said costs;

WHEREAS, the Common Council deems it to be necessary, desirable and in the best interest of the City to refund the 2003 Notes and 2004 Notes for the purpose of providing permanent financing for the projects financed by the 2003 Notes and 2004 Notes;

WHEREAS, cities are authorized by the provisions of Chapter 67 of the Wisconsin Statutes to borrow money and to issue general obligation refunding bonds to refinance their outstanding obligations; and

WHEREAS, the Common Council now deems it to be necessary, desirable and in the best interest of the City to authorize the issuance of and to award the sale of its general obligation refunding bonds to Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that:

Section 1. Authorization of the Bonds. For the purpose of paying the cost of the Refunding, there shall be borrowed

pursuant to Chapter 67 of the Wisconsin Statutes, the principal sum of FOUR MILLION FORTY THOUSAND DOLLARS (\$4,040,000) from Robert W. Baird & Co. Incorporated, 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 1A. Sale of the Bonds. To evidence such indebtedness, the Mayor and City 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 City, General Obligation Refunding Bonds, Series 2006B, aggregating the principal amount of FOUR MILLION FORTY THOUSAND DOLLARS (\$4,040,000) (the "Bonds") for the sum set forth on the Proposal, plus accrued interest to the date of delivery.

Section 2. Terms of the Bonds. The Bonds shall be designated "General Obligation Refunding Bonds, Series 2006B"; shall be dated October 5, 2006; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered 1 and upward; shall bear interest at the rates and shall mature on December 1 of each year, in the years and principal amounts 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 June 1, 2007.

Section 3. Redemption Provisions. At the option of the City, the Bonds maturing on December 1, 2017 and thereafter shall be subject to redemption prior to maturity on December 1, 2016 or on any date thereafter. Said Bonds shall be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If the Proposal specifies that any of the Bonds are subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment hereto as Exhibit MRP (the "Mandatory Redemption Provisions") and incorporated herein by this reference.

Section 4. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit C and incorporated herein by this reference.

Section 5. Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Bonds as the same becomes due, the full faith, credit and resources of

the City are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the City a direct annual irrepealable tax in the years 2006 through 2024 for the payments due in the years 2007 through 2025 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 City for said years are collected. So long as any part of the principal of or interest on the Bonds 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 for the Bonds created below.

Section 6. Segregated Debt Service Fund Account. There is hereby established in the City treasury a fund account separate and distinct from all other funds or accounts of the City designated "Debt Service Fund Account for \$4,040,000 City of Racine General Obligation Refunding Bonds, Series 2006B, dated October 5, 2006", which fund account shall be used solely for the purpose of paying the principal of and interest on the Bonds. There shall be deposited in said fund account all accrued interest paid on the Bonds at the time the Bonds are delivered to the Purchaser, any premium, all money raised by taxation pursuant to Section 5 hereof, and all other sums as may be necessary to pay principal of and interest on the Bonds as the same become due. Said fund account shall be used for the sole purpose of paying the principal of and interest on the Bonds, shall be maintained for such purpose until such indebtedness is fully paid or otherwise extinguished, and shall at all times be invested in a manner that conforms with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable income tax regulations (the "Regulations").

Section 7. Borrowed Money Fund. The proceeds of the Bonds (the "Bond Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Bonds 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 Bonds.

Section 8. Arbitrage Covenant. The City shall not take any action with respect to the Bond Proceeds which, if said

action had been reasonably expected to have been taken, or had been deliberately and intentionally taken on the date of delivery of and payment for the Bonds (the "Closing") would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

The Bond Proceeds may be temporarily invested in legal investments until needed, provided however, that the City hereby covenants and agrees that so long as the Bonds remain outstanding, moneys on deposit in any fund or account created or maintained in connection with the Bonds, whether such moneys were derived from Bond Proceeds or from any other source, will not be used or invested in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code or Regulations. The City covenants that it will not invest in any obligation if such investment would violate the "prohibited payment" requirement of Section 148 of the Code.

The City Clerk, or other officer of the City charged with responsibility for issuing the Bonds, shall provide an appropriate certificate of the City, for inclusion in the transcript of proceedings, setting forth the reasonable expectations of the City regarding the amount and use of the Bond Proceeds and the facts and estimates on which such expectations are based, all as of the Closing.

Section 9. Additional Tax Covenants; Six Month Expenditure Exemption from Rebate. The City hereby further covenants and agrees that it will take all necessary steps and perform all obligations required by the Code and Regulations (whether prior to or subsequent to the issuance of the Bonds) to assure that the Bonds are obligations described in Section 103(a) of the Code, the interest on which is excludable from gross income for federal income tax purposes, throughout their term. The City Clerk or other officer of the City charged with the responsibility of issuing the Bonds, shall provide an appropriate certificate of the City as of the Closing, for inclusion in the transcript of proceedings, certifying that it can and covenanting that it will comply with the provisions of the Code and Regulations.

Further, it is the intent of the City to take all reasonable and lawful actions to comply with any new tax laws enacted so that the Bonds will continue to be obligations described in Section 103(a) of the Code, the interest on which is excludable from gross income for federal income tax purposes throughout their term.

The City covenants that it is a governmental unit with general taxing powers and that the Bonds are not "private activity bonds" as defined in Section 141 of the Code.

In accordance with Section 148(f)(4)(B) of the Code, the City covenants that ninety-five percent (95%) or more of the net proceeds of the Bonds are to be used for local governmental activities of the City and that 100% of the proceeds of the Bonds will be expended for the governmental purposes of the issue within six months of the Closing. If for any reason the City did not qualify for the six month exemption from the rebate requirements of the Code, the City covenants that it would take all necessary steps to comply with such requirements.

Section 10. Execution of the Bonds. The Bonds shall be prepared in typewritten or printed form, executed on behalf of the City by the manual or facsimile signatures of the Mayor and City 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 City 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 Bonds shall cease to be such officers before the delivery of the Bonds, 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 all documents as may be necessary and convenient for effectuating the Closing.

Section 11. Payment of the Bonds. The principal of and interest on the Bonds shall be paid in lawful money of the United States of America by the City Clerk or City Finance Director/Treasurer.

Section 11A. Persons Treated as Owners; Transfer of Bonds. The City shall keep books for the registration and for the transfer of the Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the City 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 Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the City Clerk shall record the name of each transferee in the registration book. No registration shall be made to bearer. The City Clerk shall cancel any Bond surrendered for transfer.

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

Section 12. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the City agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations previously executed on behalf of the City and on file in the City Clerk's office.

Section 13. Undertaking to Provide Continuing Disclosure. The City hereby covenants and agrees, for the benefit of the holders of the Bonds, 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 and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the holders of the Bonds 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 thereunder and any failure by the City to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

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

Section 14. Bond Insurance. The Mayor and City Clerk are authorized to agree to such additional provisions as any municipal bond insurer which makes a commitment accepted by the City to insure the Bonds may reasonably request and which are acceptable to the Mayor and City Clerk, including provisions regarding restrictions on investment of Bond Proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer and notices to be given to the bond insurer. In addition, appropriate reference to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 15. Payment of the 2003 Notes and 2004 Notes. The 2003 Notes and 2004 Notes shall be paid on their December 1, 2006 maturity date.

Section 16. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Common Council 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 September 19, 2006.

---

Gary Becker  
Mayor

ATTEST:

---

Janice M. Johnson-Martin  
City Clerk

(SEAL)

EXHIBIT A

Bond Purchase Proposal

To be provided by Robert W. Baird & Co. Incorporated and incorporated into the Resolution.

EXHIBIT B

Debt Service Schedule and Tax Levies

To be provided by Robert W. Baird & Co. Incorporated and incorporated into the Resolution.

EXHIBIT C  
(Form of Bond)

REGISTERED UNITED STATES OF AMERICA DOLLARS  
STATE OF WISCONSIN  
RACINE COUNTY  
NO. R- \_\_\_\_\_ CITY OF RACINE \$ \_\_\_\_\_  
GENERAL OBLIGATION REFUNDING BOND, SERIES 2006B

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:  
December 1, \_\_\_\_\_ October 5, 2006 \_\_\_\_\_ % \_\_\_\_\_

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

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

KNOW ALL MEN BY THESE PRESENTS, that the City of Racine, Racine County, Wisconsin (the "City"), hereby acknowledges itself to owe and for value received 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 June 1, 2007 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Bond 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 Bond is registered on the Bond Register maintained by the City Clerk or City Finance Director/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 Bond together with interest hereon as aforesaid and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of an issue of Bonds aggregating the principal amount of \$4,040,000, all of which are of like tenor, except as to denomination, interest rate, maturity date and redemption provision, issued by the City pursuant to the provisions of Chapter 67, Wisconsin Statutes, for the purpose of paying the cost of refunding certain outstanding obligations of the City, all as authorized by a resolution of the Common Council duly adopted by said governing body at a meeting held on September 19, 2006. Said resolution is recorded in the official minutes of the Common Council for said date.

At the option of the City, the Bonds maturing on December 1, 2017 and thereafter are subject to redemption prior to maturity on December 1, 2016 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

In the event the City exercises its option to redeem the Bonds prior to maturity, as long as the Bonds are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission 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 Bonds of a maturity are to be called for redemption, the Bonds of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation, date and maturities of the Bonds called for redemption, CUSIP numbers, and the date of redemption. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Bonds shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Bonds shall no longer be deemed to be outstanding.

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 Bond have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the City, including this Bond and others issued simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; and that a direct annual irrevocable tax has been

levied sufficient to pay this Bond, together with the interest thereon, when and as payable.

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

IN WITNESS WHEREOF, the City of Racine, Racine County, Wisconsin, by its governing body, has caused this Bond to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, if any, all as of the 5<sup>th</sup> day of October, 2006.

CITY OF RACINE,  
RACINE COUNTY, WISCONSIN

By: \_\_\_\_\_  
Gary Becker  
Mayor

(SEAL)

By: \_\_\_\_\_  
Janice M. Johnson-Martin  
City 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 Bond and all rights thereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_,  
Legal Representative, to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Signature Guaranteed:

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

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

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

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