

Village of Mukwonago
Notice of Meeting and Agenda

SPECIAL VILLAGE BOARD MEETING
Wednesday, June 3, 2020

Time: **7:00 pm**

Place: **Mukwonago Municipal Building, 440 River Crest Ct., Mukwonago, WI 53149**

1. Call To Order

2. Roll Call

3. New Business

- 3.1 Discussion and possible recommendation on **Resolution 2020- 22** A Resolution Authorizing the Issuance and Sale of Approximately \$4,715,000 General Obligation Promissory Notes, Series 2020B.

[Res 2020-22 2020B GOPNs](#)

[Ratings Direct Summary Mukwonago](#)

- 3.2 Discussion and possible recommendation on **Resolution 2020- 21** A Resolution Authorizing the Issuance and Sale of \$1,200,000 Taxable General Obligation Promissory Notes, Series 2020A.

[Res 2020-21 2020A Taxable GOPNs](#)

[Ratings Direct Summary Mukwonago](#)

4. Closed Session

Closed session pursuant to Wis. Stats § 19.85 (1) (g) (Conferring with legal counsel who either orally or in writing will advise governmental body on strategy to be adopted with respect to current or likely litigation) concerning Walmart Business Real Estate Trust v Village of Mukwonago.

5. Open Session

Motion to reconvene into open session pursuant to Wis. Stats. §19.85(2) for possible discussion and/or action concerning any matter discussed in closed session

6. Adjournment

It is possible that a quorum of, members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Please note, upon reasonable notice, efforts will be made to accommodate the needs of individuals with disabilities through appropriate aids and services. For additional information or to request this service, contact the Municipal Clerk's Office, (262) 363-6420.

RESOLUTION NO. 2020-22

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
\$4,715,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2020B

WHEREAS, the Village Board hereby finds and determines that it is necessary, desirable and in the best interest of the Village of Mukwonago, Waukesha and Walworth Counties, Wisconsin (the "Village") to raise funds for public purposes, including paying the cost of various projects included in the Village's Capital Improvement Plan (the "Project");

WHEREAS, the Village Board hereby further finds and determines that it is necessary, desirable and in the best interest of the Village to raise funds to pay the cost of refinancing certain outstanding obligations of the Village, to wit: its General Obligation Refunding Promissory Notes (TID #3), dated November 1, 2011 (the "Refunded Obligations") (hereinafter the refinancing of the Refunded Obligations shall be referred to as the "Refunding");

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

WHEREAS, the Village Board deems it to be necessary, desirable and in the best interest of the Village to refund the Refunded Obligations for the purpose of restructuring the Village's outstanding indebtedness;

WHEREAS, the Village is authorized by the provisions of Section 67.12(12), Wisconsin Statutes, to borrow money and issue general obligation promissory notes for such public purposes and to refinance its outstanding obligations; and

WHEREAS, it is the finding of the Village Board that it is necessary, desirable and in the best interest of the Village to sell such general obligation promissory notes to Huntington Securities, Inc. dba Huntington Capital Markets (the "Purchaser"), pursuant to the terms and conditions of its note purchase proposal attached hereto as Exhibit A and incorporated herein by this reference (the "Proposal").

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

Section 1. Authorization and Sale of the Notes. For the purpose of paying the cost of the Project and the Refunding, there shall be borrowed pursuant to Section 67.12(12), Wisconsin Statutes, the principal sum of FOUR MILLION SEVEN HUNDRED FIFTEEN THOUSAND DOLLARS (\$4,715,000)* from the Purchaser in accordance with the terms and conditions of the Proposal. The Proposal is hereby accepted and the President and Village Clerk or other appropriate officers of the Village are authorized and directed to execute an acceptance of the Proposal on behalf of the Village. To evidence the obligation of the Village, the President and Village Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to

* Preliminary, subject to change.

the Purchaser for, on behalf of and in the name of the Village, the general obligation promissory notes aggregating the principal amount of FOUR MILLION SEVEN HUNDRED FIFTEEN THOUSAND DOLLARS (\$4,715,000)* (the "Notes") for the sum set forth on the Proposal, plus accrued interest to the date of delivery.

Section 2. Terms of the Notes. The Notes shall be designated "General Obligation Promissory Notes, Series 2020B"; shall be issued in the aggregate principal amount of \$4,715,000*; shall be dated June 17, 2020; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall bear interest at the rates per annum and mature on June 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit B-1 and incorporated herein by this reference. Interest shall be payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2021. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The schedule of principal and interest payments due on the Notes is set forth on the Debt Service Schedule attached hereto as Exhibit B-2 and incorporated herein by this reference (the "Schedule").

Section 3. Redemption Provisions. The Notes maturing on June 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Village, on June 1, 2028 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Village, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[If the Proposal specifies that any of the Notes are subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment hereto as Exhibit MRP and incorporated herein by this reference. Upon the optional redemption of any of the Notes subject to mandatory redemption, the principal amount of such Notes so redeemed shall be credited against the mandatory redemption payments established in Exhibit MRP for such Notes in such manner as the Village shall direct.]

Section 4. 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 5. Tax Provisions.

(A) 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 Village are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the Village a direct annual irrepealable tax in the years 2020 through

* Preliminary, subject to change.

2029 for the payments due in the years 2021 through 2030 in the amounts set forth on the Schedule.

(B) Tax Collection. So long as any part of the principal of or interest on the Notes remains unpaid, the Village 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 onto the tax roll of the Village and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the Village for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account created below.

(C) Additional Funds. 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 Village then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 6. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the Village, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Debt service or sinking funds established for obligations previously issued by the Village may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for General Obligation Promissory Notes, Series 2020B, dated June 17, 2020" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. There shall be deposited into the Debt Service Fund Account (i) all accrued interest received by the Village at the time of delivery of and payment for the Notes; (ii) any premium not used for the Refunding which may be received by the Village above the par value of the Notes and accrued interest thereon; (iii) all money raised by the taxes herein levied and any amounts appropriated for the specific purpose of meeting principal of and interest on the Notes when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Notes when due; (v) surplus monies in the Borrowed Money Fund as specified below; and (vi) such further deposits as may be required by Section 67.11, Wisconsin Statutes.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Notes until all such principal and interest has been paid in full and the Notes canceled; provided (i) the funds to provide for each payment of principal of and interest on the Notes prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Notes may be used to

reduce the next succeeding tax levy, or may, at the option of the Village, be invested by purchasing the Notes as permitted by and subject to Section 67.11(2)(a), Wisconsin Statutes, or in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account. Any investment of the Debt Service Fund Account shall at all times conform with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable Treasury Regulations (the "Regulations").

(C) Remaining Monies. When all of the Notes have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service Fund Account shall be transferred and deposited in the general fund of the Village, unless the Village Board directs otherwise.

Section 7. Proceeds of the Notes; Segregated Borrowed Money Fund. The proceeds of the Notes (the "Note Proceeds") (other than any premium not used for the Refunding 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 a special fund (the "Borrowed Money Fund") separate and distinct from all other funds of the Village and disbursed solely for the purpose or purposes for which borrowed. Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purpose or purposes for which the Notes have been issued have been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose(s) shall be deposited in the Debt Service Fund Account.

Section 8. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the Village, charged with the responsibility for issuing the Notes, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Notes to the Purchaser which will permit the conclusion that the Notes are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 9. Compliance with Federal Tax Laws. (a) The Village represents and covenants that the projects financed by the Notes and by the Refunded Obligations and the ownership, management and use of the projects will not cause the Notes or the Refunded Obligations to be "private activity bonds" within the meaning of Section 141 of the Code. The Village further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Notes including, if applicable, the rebate requirements of Section 148(f) of the Code. The Village further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Notes) if taking, permitting or omitting to take such action would cause any of the Notes to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Notes to be included in the gross income of the recipients thereof for federal income tax purposes. The Village Clerk or other officer of the Village charged with the responsibility of issuing the Notes shall provide an appropriate certificate of the Village

certifying that the Village can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The Village also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Notes provided that in meeting such requirements the Village will do so only to the extent consistent with the proceedings authorizing the Notes and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 10. Designation as Qualified Tax-Exempt Obligations. The Notes are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Section 11. Execution of the Notes; Closing; Professional Services. The Notes shall be issued in printed form, executed on behalf of the Village by the manual or facsimile signatures of the President and Village Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the Village of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Notes may be imprinted on the Notes in lieu of the manual signature of the officer but, unless the Village has contracted with a fiscal agent to authenticate the Notes, at least one of the signatures appearing on each Note shall be a manual signature. In the event that either of the officers whose signatures appear on the Notes shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Notes and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The Village hereby authorizes the officers and agents of the Village to enter into, on its behalf, agreements and contracts in conjunction with the Notes, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Notes is hereby ratified and approved in all respects.

Section 12. Payment of the Notes; Fiscal Agent. The principal of and interest on the Notes shall be paid by Associated Trust Company, National Association, Green Bay, Wisconsin, which is hereby appointed as the Village's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The Village hereby authorizes the President and Village Clerk or other appropriate officers of the Village to enter a Fiscal Agency Agreement between the Village and the Fiscal Agent. Such contract may provide, among other things, for the performance by the Fiscal Agent of the functions listed in Wis. Stats. Sec. 67.10(2)(a) to (j), where applicable, with respect to the Notes.

Section 13. Persons Treated as Owners; Transfer of Notes. The Village shall cause books for the registration and for the transfer of the Notes to be kept by the Fiscal Agent. 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 Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the President and Village Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Note surrendered for transfer.

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

Section 14. Record Date. The 15th day of the calendar month next preceding each interest payment date shall be the record date for the Notes (the "Record Date"). 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 Village at the close of business on the Record Date.

Section 15. 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 Village agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the Village Clerk or other authorized representative of the Village is authorized and directed to execute and deliver to DTC on behalf of the Village to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the Village Clerk's office.

Section 16. Official Statement. The Village Board hereby approves the Preliminary Official Statement with respect to the Notes and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the Village in connection with the preparation of such Preliminary Official Statement and any addenda to it or final Official Statement are hereby ratified and approved. In connection with the Closing, the appropriate Village official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The Village Clerk shall cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser.

Section 17. Undertaking to Provide Continuing Disclosure. The Village hereby covenants and agrees, for the benefit of the owners of the Notes, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Notes or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific

performance of the obligations thereunder and any failure by the Village to comply with the provisions of the Undertaking shall not be an event of default with respect to the Notes).

To the extent required under the Rule, the President and Village Clerk, or other officer of the Village charged with the responsibility for issuing the Notes, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the Village's Undertaking.

Section 18. Redemption of the Refunded Obligations. The Refunded Obligations due on October 1, 2020 and thereafter are hereby called for prior payment and redemption on July 7, 2020 at a price of par plus accrued interest to the date of redemption.

The Village hereby directs the Village Clerk to work with the Purchaser to cause timely notice of redemption, in substantially the form attached hereto as Exhibit D and incorporated herein by this reference (the "Notice"), to be provided at the times, to the parties and in the manner set forth on the Notice. Any and all actions heretofore taken by the officers and agents of the Village to effectuate the redemption of the Refunded Obligations are hereby ratified and approved.

Section 19. Record Book. The Village Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Notes in the Record Book.

Section 20. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Notes, the officers of the Village are authorized to take all actions necessary to obtain such municipal bond insurance. The President and Village Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the President and Village Clerk including provisions regarding restrictions on investment of 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, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Note provided herein.

Section 21. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Village 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, approved and recorded June 3, 2020.

Fred Winchowky
President

ATTEST:

Diana Dykstra
Village Clerk

(SEAL)

EXHIBIT A

Note Purchase Proposal

To be provided by the Purchaser and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT B-1

Pricing Summary

To be provided by the Purchaser and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT B-2

Debt Service Schedule and Irrepealable Tax Levies

To be provided by the Purchaser and incorporated into the Resolution.

(See Attached)

DRAFT

[EXHIBIT MRP

Mandatory Redemption Provision

The Notes due on June 1, ____, ____, and ____ (the "Term Bonds") are subject to mandatory redemption prior to maturity by lot (as selected by the Depository) at a redemption price equal to One Hundred Percent (100%) of the principal amount to be redeemed plus accrued interest to the date of redemption, from debt service fund deposits which are required to be made in amounts sufficient to redeem on June 1 of each year the respective amount of Term Bonds specified below:

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)]

EXHIBIT C

(Form of Note)

REGISTERED UNITED STATES OF AMERICA DOLLARS
STATE OF WISCONSIN
WAUKESHA AND WALWORTH COUNTIES
NO. R-____ VILLAGE OF MUKWONAGO \$_____
GENERAL OBLIGATION PROMISSORY NOTE, SERIES 2020B

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:
June 1, _____ June 17, 2020 _____% _____

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS
(\$_____)

FOR VALUE RECEIVED, the Village of Mukwonago, Waukesha and Walworth Counties, Wisconsin (the "Village"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), 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 shall be payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2021 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Note are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Note is registered on the Bond Register maintained by Associated Trust Company, National Association, Green Bay, Wisconsin (the "Fiscal Agent") or any successor thereto at the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). This Note is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

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 Village are hereby irrevocably pledged.

This Note is one of an issue of Notes aggregating the principal amount of \$4,715,000, all of which are of like tenor, except as to denomination, interest rate, maturity date and redemption provision, issued by the Village pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for the public purpose of paying the cost of various capital improvement projects and refunding certain obligations of the Village, as authorized by a resolution adopted on June 3, 2020. Said resolution is recorded in the official minutes of the Village Board for said date.

The Notes maturing on June 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Village, on June 1, 2028 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Village, and within each maturity by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

【The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the resolution authorizing the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.】

In the event the Notes are redeemed 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, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the 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 provided as described 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 Village, including this Note 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 irrepealable tax has been levied sufficient to pay this Note, together with the interest thereon, when and as payable.

This Note has been designated by the Village Board as a "qualified tax-exempt obligation" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note is transferable only upon the books of the Village kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Notes, and the Village appoints another depository, upon surrender of the Note to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered 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 Village for any tax, fee or other governmental charge required to be paid with respect to such

registration. The Fiscal Agent shall not be obliged to make any transfer of the 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 Fiscal Agent and Village 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. The Notes are issuable solely as negotiable, fully-registered Notes without coupons in the denomination of \$5,000 or any integral multiple thereof.

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

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

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

VILLAGE OF MUKWONAGO
WAUKESHA AND WALWORTH COUNTIES,
WISCONSIN

By: _____
Fred Winchowky
President

(SEAL)

By: _____
Diana Dykstra
Village Clerk

Date of Authentication: _____, _____

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue authorized by the within-mentioned resolution of the Village of Mukwonago, Waukesha and Walworth Counties, Wisconsin.

ASSOCIATED TRUST COMPANY,
NATIONAL ASSOCIATION,
GREEN BAY, WISCONSIN

By _____
Authorized Signatory

DRAFT

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:

(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)

EXHIBIT D

NOTICE OF FULL CALL*

Regarding

VILLAGE OF MUKWONAGO
WAUKESHA AND WALWORTH COUNTIES, WISCONSIN
GENERAL OBLIGATION REFUNDING PROMISSORY NOTES (TID #3),
DATED NOVEMBER 1, 2011

NOTICE IS HEREBY GIVEN that the Notes of the above-referenced issue which mature on the date and in the amount; bear interest at the rate; and have a CUSIP No. as set forth below have been called by the Village for prior payment on July 7, 2020 at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of prepayment:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
10/01/2020	\$ 275,000	3.00%	625064MK3
10/01/2021	1,675,000	3.00	625064ML1

The Village shall deposit federal or other immediately available funds sufficient for such redemption at the office of The Depository Trust Company on or before July 7, 2020.

Said Notes will cease to bear interest on July 7, 2020.

By Order of the
Village Board
Village of Mukwonago
Village Clerk

Dated _____

* To be provided by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by The Depository Trust Company, to The Depository Trust Company, Attn: Supervisor, Call Notification Department, 570 Washington Blvd., Jersey City, NJ 07310, not less than thirty (30) days nor more than sixty (60) days prior to July 7, 2020 and to the MSRB electronically through the Electronic Municipal Market Access (EMMA) System website at www.emma.msrb.org.

RatingsDirect®

Summary:

Mukwonago Village, Wisconsin; General Obligation

Primary Credit Analyst:

Emma Drilias, Chicago (1) 312-233-7132; emma.drilias@spglobal.com

Secondary Contact:

Andrew J Truckenmiller, Chicago + 1 (312) 233 7032; andrew.truckenmiller@spglobal.com

Table Of Contents

Rating Action

Stable Outlook

Credit Opinion

Related Research

Summary:

Mukwonago Village, Wisconsin; General Obligation

Credit Profile

US\$4.715 mil GO prom nts ser 2020B dtd 06/17/2020 due 06/01/2030

Long Term Rating

AA/Stable

New

US\$1.2 mil taxable GO prom nts ser 2020A dtd 06/17/2020 due 06/01/2030

Long Term Rating

AA/Stable

New

Rating Action

S&P Global Ratings assigned its 'AA' rating to the village of Mukwonago, Wisc.'s \$1.2 million series 2020A taxable general obligation (GO) promissory notes and \$4.715 million series 2020B GO promissory notes. The outlook is stable.

The series 2020A and 2020B notes are secured by the village's full faith and credit and GO pledge to levy ad valorem property taxes without limitation as to rate or amount. Series 2020A note proceeds will be applied towards paying for tax incremental district projects. Series 2020B proceeds will be used to fund projects in the village's capital improvement plan and to current-refund the village's 2011 GO refunding promissory notes.

Credit overview

Mukwonago is a small village located southwest of Milwaukee in the Milwaukee-Waukesha-West Allis metropolitan statistical area (MSA). The village is expecting notable growth in the coming years due to several large developments, including a hospital and a mixed-use complex, that are currently underway. In recent years, Mukwonago's financial operations have been stable, with budgetary performance that we view as adequate and reserve levels that we consider very strong.

Generally, our rating outlook time frame is up to two years. However, our view of the credit risks to the village are centered on the more immediate budget effects over the next six-to-12 months due to the COVID-19 pandemic. S&P Global Economics forecasts that the COVID-19 pandemic has caused the national economy to fall into a recession (see "An Already Historic U.S. Downturn Now Looks Even Worse," published April 16, 2020, on RatingsDirect), which it expects will cause a near-term economic slowdown at the local level. We acknowledge that Mukwonago could experience financial pressures similar to those we have seen in past recessions, such as lower property tax receipts and declines in state aid, which could weaken budgetary performance in upcoming years. However, we do not expect the recession will materially affect Mukwonago's current year finances, given that over half of the village's general fund revenue comes from property taxes, the majority of which has already been received for the 2020 fiscal year. Furthermore, management is proactively identifying expenditure reductions and capital project delays to prepare for potential revenue declines over the short term. Given the village's very strong reserves and liquidity levels and forward-thinking management, we believe Mukwonago has adequate resources to address potential fiscal pressures

over the next six-to-12 months.

The rating reflects our assessment of the following factors:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with an operating surplus in the general fund but an operating deficit at the total governmental fund level in fiscal 2019;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2019 of 52% of operating expenditures;
- Very strong liquidity, with total government available cash at 91.3% of total governmental fund expenditures and 3.3x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 27.5% of expenditures and net direct debt that is 180.2% of total governmental fund revenue, but rapid amortization, with 95.1% of debt scheduled to be retired in 10 years; and
- Adequate institutional framework score.

Environmental, social, and governance factors

We analyzed Mukwonago's overall environmental, social, and governance (ESG) risks relative to its economy, management, budgetary outcomes, and debt and liability profile. Considering the village's continental Midwestern climate, steadily growing population and tax base, and stable operations and governance practices, we determined that all are in line with our view of the sector standard.

Stable Outlook

Downside scenario

We could lower the rating if Mukwonago's budgetary performance weakens, resulting in a lower available reserve position. We could also lower the rating if the village's debt levels increase substantially, resulting in a weakened debt profile.

Upside scenario

Although unlikely due to the recession, we could raise the rating if Mukwonago sustains improved economic characteristics, and there is improvement to the village's debt profile.

Credit Opinion

Strong economy

We consider Mukwonago's economy strong. The village, with an estimated population of 8,040, is located in Walworth and Waukesha counties in the Milwaukee-Waukesha-West Allis MSA, which we consider to be broad and diverse. The village has a projected per capita effective buying income of 109.7% of the national level and per capita market value of \$115,191. Overall, the village's market value grew by 5.6% in 2018 to \$926.1 million in 2019. The weight-averaged

unemployment rate of the counties was 2.9% in 2019.

Mukwonago is 30 miles southwest of Milwaukee, with a tax base that is predominantly residential (68%) and commercial (24%). In our view, Mukwonago's participation in the Milwaukee MSA supports the village's good incomes and extremely strong market values. We consider the village's top 10 taxpayers very diverse, as they represent 12% of the village's tax base. Major employers include the local school district (533 employees), injection-molding company AptarGroup Inc. (485), and tool manufacturer Empire Level (250).

In recent years, the village has experienced notable growth driven by new property development, including several small commercial businesses, residential projects, and a large-scale, mixed-use development that is expected to add \$50 million of new taxable value once fully built over the next 10 years. Management indicates all tenants of the industrial portion of this mixed-use development have indicated they are moving forward with their occupancy plans, despite the current recession. However, construction of a new hospital that began in February 2019 has temporarily paused due to the COVID-19 pandemic. While we expect these long-term construction plans will eventually resume, we anticipate the village's rate of growth could slow over the next six-to-12 months as a result of the pandemic and recession.

Strong management

We view the village's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

In developing the annual budget, Mukwonago uses at least three years of historical data for revenue and expenditure assumptions. Management provides monthly reports on budget-to-actual results to the board, and the board has the ability to amend the budget as needed. Mukwonago does not maintain a long-term financial plan. However, it has a five-year, long-term capital improvement that it updates annually with funding sources identified. Mukwonago has an investment management policy, and it provides monthly investment performance reports to the board. The village also maintains a debt management policy that provides restrictions on issuing certain debt types. In addition, its general fund policy allots 25% of the ensuing year's budgeted expenditures for cash flow, which it complies with currently.

Adequate budgetary performance

Mukwonago's budgetary performance is adequate, in our opinion. The village had surplus operating results in the general fund of 3.8% of expenditures, but a deficit result across all governmental funds of negative 3.0% in fiscal 2019. General fund operating results of the village have been stable over the last three years, with a result of 3.0% in 2018 and a result of 5.6% in 2017. While we anticipate there could be some budgetary volatility due to the COVID-19 pandemic over the medium term, we expect the village's budgetary performance will remain mostly balanced.

We made adjustments for recurring transfers and for the spending of bond proceeds to assess Mukwonago's recent budgetary performance. After these adjustments, Mukwonago reported slight annual general fund surpluses since fiscal 2017. Management attributes the fiscal 2019 general fund surplus of \$190,000 (3.8%) to conservative revenue assumptions. The fiscal 2020 budget shows a break-even result, and revenues and expenditures are on track with budget. However, management is currently identifying potential expenditure reductions and capital projects delays to prepare for potential revenue declines over the short term due to the pandemic and recession.

The general fund benefits from a revenue structure that has historically been stable and predictable, consisting primarily of property taxes (55%), intergovernmental aid (18%), and licenses and permits (13%). Currently, over 75% of fiscal 2020 property tax revenues have been received. While we are not aware of any reductions to intergovernmental aid at this time, we acknowledge that the state has cut aid for certain government types during past recessions. Given that the majority of property tax revenues has been collected and considering management's proactive decision to identify expenditure reductions and project delays, we expect the village will appropriately manage its budget to decrease expenditures and maintain mostly balanced operations if state aid is reduced or property tax receipts decline in the medium term.

Very strong budgetary flexibility

Mukwonago's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2019 of 52% of operating expenditures, or \$2.6 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

Officials indicate the village could pay tax a total of \$50,000 in tax refunds to Walmart due to its recent assessment appeal for tax years 2018 and 2019. We do not expect this drawdown to materially affect reserves, as a \$50,000 reduction represents only a 2% decline. Overall, we expect Mukwonago's reserve levels will remain very strong.

Very strong liquidity

In our opinion, Mukwonago's liquidity is very strong, with total government available cash at 91.3% of total governmental fund expenditures and 3.3x governmental debt service in 2019. In our view, the village has strong access to external liquidity if necessary.

Mukwonago had \$12.5 million in cash and investments considered liquid at 2019 year-end. Assuming no significant deterioration to the village's budgetary performance, we do not expect the village's cash position, with respect to total governmental expenditures and debt service, will change significantly and anticipate it will remain very strong. Management has confirmed that the village does not have any privately placed or direct-purchase debt. The village primarily invests in local bank funds and the Wisconsin Local Government Investment Pool, which we do not consider aggressive.

Mukwonago is currently engaged in two lawsuits with one property owner concerning a recent taking by the village under eminent domain as well as a special assessment levied against the property. Based on our understanding of these cases, we do not believe these lawsuits pose significant risk to the village's liquidity.

Weak debt and contingent liability profile

In our view, Mukwonago's debt and contingent liability profile is weak. Total governmental fund debt service is 27.5% of total governmental fund expenditures, and net direct debt is 180.2% of total governmental fund revenue.

The village's debt service carrying charge as a percent of total governmental fund expenditures is high, which we consider a credit weakness. Officials currently plan to issue approximately \$4.2 million of new debt between 2021 and 2022 to fund capital projects. The village's debt amortization is currently considered rapid, in part due to several NANs and BANs that will become due in 2021 and 2022. We anticipate the village's debt amortization will slow over the upcoming years, depending on how the future takeout bonds for these NANs and BANs are amortized.

Pension

In 2019, Mukwonago made its full annual required pension contributions, which totaled 2.7% of total governmental expenditures. The village's pension costs are modest as a share of total spending and are not likely to accelerate significantly in the medium term, especially given the pension plan's strong funded status. The village offers no other postemployment benefits.

Mukwonago participates in the following pension plan:

- The Wisconsin Retirement System (WRS), a multiple-employer, defined-benefit pension plan that, in recent years, has been among the best-funded multiple-employer pension plans in the country.
- WRS was 96.5% funded (as of Dec. 31, 2018), with a village proportionate share of the plan's net pension liability estimated at \$1 million.

Contributions to WRS are actuarially based, and the village funds 100% of its required contribution each year. The plan investment rate of return assumption was lowered to 7.0% from 7.2% in late 2018. While the revised return assumption exceeds our 6.5% guidelines, exposure to market volatility is mitigated because the plan employs a shared risk model where investment performance fluctuations are offset by changes in active employee contributions and in adjustments in benefit payments. Because of these features, we expect contributions will remain relatively stable, and, given the plan's strong funded status and strong contribution practices, we expect contributions will remain affordable.

Adequate institutional framework

The institutional framework score for Wisconsin cities and villages with a population less than 25,000 is adequate.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2020 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

RESOLUTION NO. 2020-21

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$1,200,000 TAXABLE
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2020A

WHEREAS, the Village Board hereby finds and determines that it is necessary, desirable and in the best interest of the Village of Mukwonago, Waukesha and Walworth Counties, Wisconsin (the "Village") to raise funds for public purposes, including paying the cost of tax incremental district projects (the "Project");

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

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

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, it is the finding of the Village Board that it is necessary, desirable and in the best interest of the Village to sell such taxable general obligation promissory notes to Huntington Securities, Inc. dba Huntington Capital Markets (the "Purchaser"), pursuant to the terms and conditions of its note purchase proposal attached hereto as Exhibit A and incorporated herein by this reference (the "Proposal").

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

Section 1. Authorization and Sale of the Notes. For the purpose of paying the cost of the Project, there shall be borrowed pursuant to Section 67.12(12), Wisconsin Statutes, the principal sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000) from the Purchaser in accordance with the terms and conditions of the Proposal. The Proposal is hereby accepted and the President and Village Clerk or other appropriate officers of the Village are authorized and directed to execute an acceptance of the Proposal on behalf of the Village. To evidence the obligation of the Village, the President and Village 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 Village, the taxable general obligation promissory notes aggregating the principal amount of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000) (the "Notes") for the sum set forth on the Proposal, plus accrued interest to the date of delivery.

Section 2. Terms of the Notes. The Notes shall be designated "Taxable General Obligation Promissory Notes, Series 2020A"; shall be issued in the aggregate principal amount of \$1,200,000; shall be dated June 17, 2020; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall bear interest at the rates

per annum and mature on June 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit B-1 and incorporated herein by this reference. Interest shall be payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2021. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The schedule of principal and interest payments due on the Notes is set forth on the Debt Service Schedule attached hereto as Exhibit B-2 and incorporated herein by this reference (the "Schedule").

Section 3. Redemption Provisions. The Notes maturing on June 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Village, on June 1, 2027 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Village, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[If the Proposal specifies that any of the Notes are subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment hereto as Exhibit MRP and incorporated herein by this reference. Upon the optional redemption of any of the Notes subject to mandatory redemption, the principal amount of such Notes so redeemed shall be credited against the mandatory redemption payments established in Exhibit MRP for such Notes in such manner as the Village shall direct.]

Section 4. 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 5. Tax Provisions.

(A) 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 Village are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the Village a direct annual irrepealable tax in the years 2020 through 2029 for the payments due in the years 2021 through 2030 in the amounts set forth on the Schedule.

(B) Tax Collection. So long as any part of the principal of or interest on the Notes remains unpaid, the Village 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 onto the tax roll of the Village and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the Village for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account created below.

(C) Additional Funds. 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 Village then available, which sums shall be replaced upon the collection of the taxes herein levied.

Section 6. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the Village, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Debt service or sinking funds established for obligations previously issued by the Village may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for Taxable General Obligation Promissory Notes, Series 2020A, dated June 17, 2020" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. There shall be deposited into the Debt Service Fund Account (i) all accrued interest received by the Village at the time of delivery of and payment for the Notes; (ii) any premium which may be received by the Village above the par value of the Notes and accrued interest thereon; (iii) all money raised by the taxes herein levied and any amounts appropriated for the specific purpose of meeting principal of and interest on the Notes when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Notes when due; (v) surplus monies in the Borrowed Money Fund as specified below; and (vi) such further deposits as may be required by Section 67.11, Wisconsin Statutes.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Notes until all such principal and interest has been paid in full and the Notes canceled; provided (i) the funds to provide for each payment of principal of and interest on the Notes prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Notes may be used to reduce the next succeeding tax levy, or may, at the option of the Village, be invested by purchasing the Notes as permitted by and subject to Section 67.11(2)(a), Wisconsin Statutes, or in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account.

(C) Remaining Monies. When all of the Notes have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service Fund Account shall be transferred and deposited in the general fund of the Village, unless the Village Board directs otherwise.

Section 7. Proceeds of the Notes; Segregated 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 a special fund (the "Borrowed Money Fund") separate and distinct from all other funds of the Village and disbursed solely for the purpose or purposes for which borrowed. Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purpose or purposes for which the Notes have been issued have been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose(s) shall be deposited in the Debt Service Fund Account.

Section 8. Execution of the Notes; Closing; Professional Services. The Notes shall be issued in printed form, executed on behalf of the Village by the manual or facsimile signatures of the President and Village Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the Village of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Notes may be imprinted on the Notes in lieu of the manual signature of the officer but, unless the Village has contracted with a fiscal agent to authenticate the Notes, at least one of the signatures appearing on each Note shall be a manual signature. In the event that either of the officers whose signatures appear on the Notes shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Notes and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The Village hereby authorizes the officers and agents of the Village to enter into, on its behalf, agreements and contracts in conjunction with the Notes, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Notes is hereby ratified and approved in all respects.

Section 9. Payment of the Notes; Fiscal Agent. The principal of and interest on the Notes shall be paid by Associated Trust Company, National Association, Green Bay, Wisconsin, which is hereby appointed as the Village's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The Village hereby authorizes the President and Village Clerk or other appropriate officers of the Village to enter a Fiscal Agency Agreement between the Village and the Fiscal Agent. Such contract may provide, among other things, for the performance by the Fiscal Agent of the functions listed in Wis. Stats. Sec. 67.10(2)(a) to (j), where applicable, with respect to the Notes.

Section 10. Persons Treated as Owners; Transfer of Notes. The Village shall cause books for the registration and for the transfer of the Notes to be kept by the Fiscal Agent. 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 Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the President and Village Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Note surrendered for transfer.

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

Section 11. Record Date. The 15th day of the calendar month next preceding each interest payment date shall be the record date for the Notes (the "Record Date"). 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 Village at the close of business on the Record Date.

Section 12. 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 Village agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the Village Clerk or other authorized representative of the Village is authorized and directed to execute and deliver to DTC on behalf of the Village to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the Village Clerk's office.

Section 13. Official Statement. The Village Board hereby approves the Preliminary Official Statement with respect to the Notes and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the Village in connection with the preparation of such Preliminary Official Statement and any addenda to it or final Official Statement are hereby ratified and approved. In connection with the Closing, the appropriate Village official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The Village Clerk shall cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser.

Section 14. Undertaking to Provide Continuing Disclosure. The Village hereby covenants and agrees, for the benefit of the owners of the Notes, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Notes or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the Village to comply with the provisions of the Undertaking shall not be an event of default with respect to the Notes).

To the extent required under the Rule, the President and Village Clerk, or other officer of the Village charged with the responsibility for issuing the Notes, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the Village's Undertaking.

Section 15. Record Book. The Village Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Notes in the Record Book.

Section 16. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Notes, the officers of the Village are authorized to take all actions necessary to obtain such municipal bond insurance. The President and Village Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the President and Village Clerk including provisions regarding restrictions on investment of 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, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Note provided herein.

Section 17. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Village 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, approved and recorded June 3, 2020.

Fred Winchowky
President

ATTEST:

Diana Dykstra
Village Clerk

(SEAL)

EXHIBIT A

Note Purchase Proposal

To be provided by the Purchaser and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT B-1

Pricing Summary

To be provided by the Purchaser and incorporated into the Resolution.

(See Attached)

DRAFT

EXHIBIT B-2

Debt Service Schedule and Irrepealable Tax Levies

To be provided by the Purchaser and incorporated into the Resolution.

(See Attached)

DRAFT

[EXHIBIT MRP

Mandatory Redemption Provision

The Notes due on June 1, ____, ____, and ____ (the "Term Bonds") are subject to mandatory redemption prior to maturity by lot (as selected by the Depository) at a redemption price equal to One Hundred Percent (100%) of the principal amount to be redeemed plus accrued interest to the date of redemption, from debt service fund deposits which are required to be made in amounts sufficient to redeem on June 1 of each year the respective amount of Term Bonds specified below:

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
____	\$ ____
____	____
____	____ (maturity)

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
____	\$ ____
____	____
____	____ (maturity)

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
____	\$ ____
____	____
____	____ (maturity)

For the Term Bonds Maturing on June 1, ____

<u>Redemption Date</u>	<u>Amount</u>
____	\$ ____
____	____
____	____ (maturity)]

EXHIBIT C

(Form of Note)

REGISTERED UNITED STATES OF AMERICA
STATE OF WISCONSIN DOLLARS
WAUKESHA AND WALWORTH COUNTIES
NO. R-____ VILLAGE OF MUKWONAGO \$_____
TAXABLE GENERAL OBLIGATION PROMISSORY NOTE, SERIES 2020A

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:
June 1, _____ June 17, 2020 _____% _____

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS
(\$_____)

FOR VALUE RECEIVED, the Village of Mukwonago, Waukesha and Walworth Counties, Wisconsin (the "Village"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), 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 shall be payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2021 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Note are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Note is registered on the Bond Register maintained by Associated Trust Company, National Association, Green Bay, Wisconsin (the "Fiscal Agent") or any successor thereto at the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). This Note is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

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 Village are hereby irrevocably pledged.

This Note is one of an issue of Notes aggregating the principal amount of \$1,200,000, all of which are of like tenor, except as to denomination, interest rate, maturity date and redemption provision, issued by the Village pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for the public purpose of paying the cost of tax incremental district projects, as authorized by a resolution adopted on June 3, 2020. Said resolution is recorded in the official minutes of the Village Board for said date.

The Notes maturing on June 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Village, on June 1, 2027 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Village, and within each maturity by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

【The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the resolution authorizing the Notes, at the redemption price of par plus accrued interest to the date of redemption and without premium.】

In the event the Notes are redeemed 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, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the 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 provided as described 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 Village, including this Note 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 irrepealable tax has been levied sufficient to pay this Note, together with the interest thereon, when and as payable.

This Note is transferable only upon the books of the Village kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Notes, and the Village appoints another depository, upon surrender of the Note to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered 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 Village for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the 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 Fiscal Agent and Village 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. The Notes are issuable solely as negotiable, fully-registered Notes without coupons in the denomination of \$5,000 or any integral multiple thereof.

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

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

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

VILLAGE OF MUKWONAGO
WAUKESHA AND WALWORTH COUNTIES,
WISCONSIN

By: _____
Fred Winchowky
President

(SEAL)

By: _____
Diana Dykstra
Village Clerk

Date of Authentication: _____, _____

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue authorized by the within-mentioned resolution of the Village of Mukwonago, Waukesha and Walworth Counties, Wisconsin.

ASSOCIATED TRUST COMPANY,
NATIONAL ASSOCIATION,
GREEN BAY, WISCONSIN

By _____
Authorized Signatory

DRAFT

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:

(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)

RatingsDirect®

Summary:

Mukwonago Village, Wisconsin; General Obligation

Primary Credit Analyst:

Emma Drilias, Chicago (1) 312-233-7132; emma.drilias@spglobal.com

Secondary Contact:

Andrew J Truckenmiller, Chicago + 1 (312) 233 7032; andrew.truckenmiller@spglobal.com

Table Of Contents

Rating Action

Stable Outlook

Credit Opinion

Related Research

Summary:

Mukwonago Village, Wisconsin; General Obligation

Credit Profile

US\$4.715 mil GO prom nts ser 2020B dtd 06/17/2020 due 06/01/2030

Long Term Rating

AA/Stable

New

US\$1.2 mil taxable GO prom nts ser 2020A dtd 06/17/2020 due 06/01/2030

Long Term Rating

AA/Stable

New

Rating Action

S&P Global Ratings assigned its 'AA' rating to the village of Mukwonago, Wisc.'s \$1.2 million series 2020A taxable general obligation (GO) promissory notes and \$4.715 million series 2020B GO promissory notes. The outlook is stable.

The series 2020A and 2020B notes are secured by the village's full faith and credit and GO pledge to levy ad valorem property taxes without limitation as to rate or amount. Series 2020A note proceeds will be applied towards paying for tax incremental district projects. Series 2020B proceeds will be used to fund projects in the village's capital improvement plan and to current-refund the village's 2011 GO refunding promissory notes.

Credit overview

Mukwonago is a small village located southwest of Milwaukee in the Milwaukee-Waukesha-West Allis metropolitan statistical area (MSA). The village is expecting notable growth in the coming years due to several large developments, including a hospital and a mixed-use complex, that are currently underway. In recent years, Mukwonago's financial operations have been stable, with budgetary performance that we view as adequate and reserve levels that we consider very strong.

Generally, our rating outlook time frame is up to two years. However, our view of the credit risks to the village are centered on the more immediate budget effects over the next six-to-12 months due to the COVID-19 pandemic. S&P Global Economics forecasts that the COVID-19 pandemic has caused the national economy to fall into a recession (see "An Already Historic U.S. Downturn Now Looks Even Worse," published April 16, 2020, on RatingsDirect), which it expects will cause a near-term economic slowdown at the local level. We acknowledge that Mukwonago could experience financial pressures similar to those we have seen in past recessions, such as lower property tax receipts and declines in state aid, which could weaken budgetary performance in upcoming years. However, we do not expect the recession will materially affect Mukwonago's current year finances, given that over half of the village's general fund revenue comes from property taxes, the majority of which has already been received for the 2020 fiscal year. Furthermore, management is proactively identifying expenditure reductions and capital project delays to prepare for potential revenue declines over the short term. Given the village's very strong reserves and liquidity levels and forward-thinking management, we believe Mukwonago has adequate resources to address potential fiscal pressures

over the next six-to-12 months.

The rating reflects our assessment of the following factors:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with an operating surplus in the general fund but an operating deficit at the total governmental fund level in fiscal 2019;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2019 of 52% of operating expenditures;
- Very strong liquidity, with total government available cash at 91.3% of total governmental fund expenditures and 3.3x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 27.5% of expenditures and net direct debt that is 180.2% of total governmental fund revenue, but rapid amortization, with 95.1% of debt scheduled to be retired in 10 years; and
- Adequate institutional framework score.

Environmental, social, and governance factors

We analyzed Mukwonago's overall environmental, social, and governance (ESG) risks relative to its economy, management, budgetary outcomes, and debt and liability profile. Considering the village's continental Midwestern climate, steadily growing population and tax base, and stable operations and governance practices, we determined that all are in line with our view of the sector standard.

Stable Outlook

Downside scenario

We could lower the rating if Mukwonago's budgetary performance weakens, resulting in a lower available reserve position. We could also lower the rating if the village's debt levels increase substantially, resulting in a weakened debt profile.

Upside scenario

Although unlikely due to the recession, we could raise the rating if Mukwonago sustains improved economic characteristics, and there is improvement to the village's debt profile.

Credit Opinion

Strong economy

We consider Mukwonago's economy strong. The village, with an estimated population of 8,040, is located in Walworth and Waukesha counties in the Milwaukee-Waukesha-West Allis MSA, which we consider to be broad and diverse. The village has a projected per capita effective buying income of 109.7% of the national level and per capita market value of \$115,191. Overall, the village's market value grew by 5.6% in 2018 to \$926.1 million in 2019. The weight-averaged

unemployment rate of the counties was 2.9% in 2019.

Mukwonago is 30 miles southwest of Milwaukee, with a tax base that is predominantly residential (68%) and commercial (24%). In our view, Mukwonago's participation in the Milwaukee MSA supports the village's good incomes and extremely strong market values. We consider the village's top 10 taxpayers very diverse, as they represent 12% of the village's tax base. Major employers include the local school district (533 employees), injection-molding company AptarGroup Inc. (485), and tool manufacturer Empire Level (250).

In recent years, the village has experienced notable growth driven by new property development, including several small commercial businesses, residential projects, and a large-scale, mixed-use development that is expected to add \$50 million of new taxable value once fully built over the next 10 years. Management indicates all tenants of the industrial portion of this mixed-use development have indicated they are moving forward with their occupancy plans, despite the current recession. However, construction of a new hospital that began in February 2019 has temporarily paused due to the COVID-19 pandemic. While we expect these long-term construction plans will eventually resume, we anticipate the village's rate of growth could slow over the next six-to-12 months as a result of the pandemic and recession.

Strong management

We view the village's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

In developing the annual budget, Mukwonago uses at least three years of historical data for revenue and expenditure assumptions. Management provides monthly reports on budget-to-actual results to the board, and the board has the ability to amend the budget as needed. Mukwonago does not maintain a long-term financial plan. However, it has a five-year, long-term capital improvement that it updates annually with funding sources identified. Mukwonago has an investment management policy, and it provides monthly investment performance reports to the board. The village also maintains a debt management policy that provides restrictions on issuing certain debt types. In addition, its general fund policy allots 25% of the ensuing year's budgeted expenditures for cash flow, which it complies with currently.

Adequate budgetary performance

Mukwonago's budgetary performance is adequate, in our opinion. The village had surplus operating results in the general fund of 3.8% of expenditures, but a deficit result across all governmental funds of negative 3.0% in fiscal 2019. General fund operating results of the village have been stable over the last three years, with a result of 3.0% in 2018 and a result of 5.6% in 2017. While we anticipate there could be some budgetary volatility due to the COVID-19 pandemic over the medium term, we expect the village's budgetary performance will remain mostly balanced.

We made adjustments for recurring transfers and for the spending of bond proceeds to assess Mukwonago's recent budgetary performance. After these adjustments, Mukwonago reported slight annual general fund surpluses since fiscal 2017. Management attributes the fiscal 2019 general fund surplus of \$190,000 (3.8%) to conservative revenue assumptions. The fiscal 2020 budget shows a break-even result, and revenues and expenditures are on track with budget. However, management is currently identifying potential expenditure reductions and capital projects delays to prepare for potential revenue declines over the short term due to the pandemic and recession.

The general fund benefits from a revenue structure that has historically been stable and predictable, consisting primarily of property taxes (55%), intergovernmental aid (18%), and licenses and permits (13%). Currently, over 75% of fiscal 2020 property tax revenues have been received. While we are not aware of any reductions to intergovernmental aid at this time, we acknowledge that the state has cut aid for certain government types during past recessions. Given that the majority of property tax revenues has been collected and considering management's proactive decision to identify expenditure reductions and project delays, we expect the village will appropriately manage its budget to decrease expenditures and maintain mostly balanced operations if state aid is reduced or property tax receipts decline in the medium term.

Very strong budgetary flexibility

Mukwonago's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2019 of 52% of operating expenditures, or \$2.6 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

Officials indicate the village could pay tax a total of \$50,000 in tax refunds to Walmart due to its recent assessment appeal for tax years 2018 and 2019. We do not expect this drawdown to materially affect reserves, as a \$50,000 reduction represents only a 2% decline. Overall, we expect Mukwonago's reserve levels will remain very strong.

Very strong liquidity

In our opinion, Mukwonago's liquidity is very strong, with total government available cash at 91.3% of total governmental fund expenditures and 3.3x governmental debt service in 2019. In our view, the village has strong access to external liquidity if necessary.

Mukwonago had \$12.5 million in cash and investments considered liquid at 2019 year-end. Assuming no significant deterioration to the village's budgetary performance, we do not expect the village's cash position, with respect to total governmental expenditures and debt service, will change significantly and anticipate it will remain very strong. Management has confirmed that the village does not have any privately placed or direct-purchase debt. The village primarily invests in local bank funds and the Wisconsin Local Government Investment Pool, which we do not consider aggressive.

Mukwonago is currently engaged in two lawsuits with one property owner concerning a recent taking by the village under eminent domain as well as a special assessment levied against the property. Based on our understanding of these cases, we do not believe these lawsuits pose significant risk to the village's liquidity.

Weak debt and contingent liability profile

In our view, Mukwonago's debt and contingent liability profile is weak. Total governmental fund debt service is 27.5% of total governmental fund expenditures, and net direct debt is 180.2% of total governmental fund revenue.

The village's debt service carrying charge as a percent of total governmental fund expenditures is high, which we consider a credit weakness. Officials currently plan to issue approximately \$4.2 million of new debt between 2021 and 2022 to fund capital projects. The village's debt amortization is currently considered rapid, in part due to several NANs and BANs that will become due in 2021 and 2022. We anticipate the village's debt amortization will slow over the upcoming years, depending on how the future takeout bonds for these NANs and BANs are amortized.

Pension

In 2019, Mukwonago made its full annual required pension contributions, which totaled 2.7% of total governmental expenditures. The village's pension costs are modest as a share of total spending and are not likely to accelerate significantly in the medium term, especially given the pension plan's strong funded status. The village offers no other postemployment benefits.

Mukwonago participates in the following pension plan:

- The Wisconsin Retirement System (WRS), a multiple-employer, defined-benefit pension plan that, in recent years, has been among the best-funded multiple-employer pension plans in the country.
- WRS was 96.5% funded (as of Dec. 31, 2018), with a village proportionate share of the plan's net pension liability estimated at \$1 million.

Contributions to WRS are actuarially based, and the village funds 100% of its required contribution each year. The plan investment rate of return assumption was lowered to 7.0% from 7.2% in late 2018. While the revised return assumption exceeds our 6.5% guidelines, exposure to market volatility is mitigated because the plan employs a shared risk model where investment performance fluctuations are offset by changes in active employee contributions and in adjustments in benefit payments. Because of these features, we expect contributions will remain relatively stable, and, given the plan's strong funded status and strong contribution practices, we expect contributions will remain affordable.

Adequate institutional framework

The institutional framework score for Wisconsin cities and villages with a population less than 25,000 is adequate.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2020 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.