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**BOND AGREEMENT**

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Dated as of March 1, 2015

By and Among

**CITY OF WAUKESHA, WISCONSIN,**  
as Issuer

**PILOT COURT PARTNERSHIP, LLP,**  
as Borrower

and

**TCF NATIONAL BANK,**  
as Purchaser

Relating to:

**\$7,080,000**

**City of Waukesha, Wisconsin  
Industrial Development Revenue Bond, Series 2015  
(Production Service Company, Inc. Project)**

TABLE OF CONTENTS

ARTICLE I DEFINITIONS ..... 2  
     Section 1.01 Definitions ..... 2  
     Section 1.02 Rules of Construction ..... 7

ARTICLE II REPRESENTATIONS AND WARRANTIES ..... 8  
     Section 2.01 Representations and Warranties of the Issuer ..... 8  
     Section 2.02 Borrower Representations ..... 9  
     Section 2.03 Purchaser Representations ..... 10

ARTICLE III THE BOND ..... 11  
     Section 3.01 Authorization and Terms ..... 11  
     Section 3.02 Bond to be a Limited Obligation of Issuer ..... 12  
     Section 3.03 Payment and Dating of the Bond ..... 12  
     Section 3.04 Execution ..... 13  
     Section 3.05 Mutilated, Lost, Stolen or Destroyed Bond ..... 13  
     Section 3.06 Transfer, Registration and Exchange ..... 13  
     Section 3.07 Person Treated as Owner ..... 14  
     Section 3.08 Destruction of the Bond ..... 14  
     Section 3.09 Redemption of the Bond Before Maturity ..... 14  
     Section 3.10 Paying Agent ..... 15

ARTICLE IV SALE AND PURCHASE OF BOND ..... 15  
     Section 4.01 Sale and Purchase of the Bond; Application of Proceeds; Project Fund ..... 15  
     Section 4.02 Delivery of the Bond ..... 16

ARTICLE V THE LOAN ..... 17  
     Section 5.01 Making of the Loan ..... 17  
     Section 5.02 Evidence of and Security for the Loan ..... 17  
     Section 5.03 Loan Payments ..... 17  
     Section 5.04 Payment of Fees and Expenses ..... 18  
     Section 5.05 No Abatement or Setoff ..... 19  
     Section 5.06 Withdrawals from the Project Fund; Borrower’s Requisition ..... 19  
     Section 5.07 Establishment of Completion Date ..... 20  
     Section 5.08 Completion Date ..... 20

ARTICLE VI ASSIGNMENT BY ISSUER ..... 20  
     Section 6.01 Assignment to Owner ..... 20  
     Section 6.02 Priority of Pledge ..... 21  
     Section 6.03 Enforcement of Assigned Rights by Owner ..... 21  
     Section 6.04 Instruments of Further Assurance ..... 22  
     Section 6.05 Filing and Recording ..... 22  
     Section 6.06 Reserved Rights; Enforcement by Issuer ..... 22

ARTICLE VII THE PROJECT ..... 22  
     Section 7.01 Sale or Transfer of Project ..... 22

Section 7.02	Agreements for the Benefit of the Issuer.....	23
Section 7.03	No Warranty by Issuer.....	23
ARTICLE VIII COVENANTS AND AGREEMENTS OF ISSUER .....		24
Section 8.01	Payment of Principal and Interest.....	24
Section 8.02	Performance of Covenants by Issuer.....	24
Section 8.03	Tax-Exempt Status of Bond.....	24
Section 8.04	Continued Existence, etc.....	24
ARTICLE IX ADDITIONAL COVENANTS OF THE BORROWER.....		24
Section 9.01	Bond Not to Become Taxable; Rebate Determinations.....	24
Section 9.02	Deficiencies in Revenues.....	25
Section 9.03	Books and Records; Financial Statements and Other Information.....	26
Section 9.04	Inspection.....	26
Section 9.05	Additional Information.....	26
Section 9.06	Payment of Taxes and Impositions.....	26
Section 9.07	Insurance.....	27
Section 9.08	Further Assurances; Financing Statements.....	27
Section 9.09	Indemnification.....	27
Section 9.10	Covenants in Financing Documents.....	29
Section 9.11	Nondiscrimination; Compliance with Wisconsin Statutes Section 66.1103(11)(b)1m.....	29
	The Borrower agrees that all contracts and subcontracts for construction of the Project shall include a clause prohibiting discrimination in employment and subcontracting. The Project shall not be used for any purpose which includes any act of employment discrimination as specified under Section 111.322 of the Wisconsin Statutes.....	29
Section 9.12	Position Openings; Compliance with Section 66.1103(6m) of the Wisconsin Statutes.....	29
	The Borrower shall comply with Section 66.1103(6m) of the Wisconsin Statutes relating to notification of position openings.....	29
Section 9.13	Job Shifting Requirements; Compliance with Section 66.1103(4s)(b) of the Wisconsin Statutes.....	29
	The Borrower shall comply with the requirements of Section 66.1103(4s)(b) of the Wisconsin Statutes with respect to offers of employment at the Project site.....	29
Section 9.14	Job Protection Estimates; Reporting Compliance with Section 66.1103(4m)(b) of the Wisconsin Statutes.....	29
	The Borrower shall submit to the Wisconsin Economic Development Corporation within 12 months after the Project is completed or 2 years after the Bond is issued, whichever is sooner, a report regarding the net number of jobs eliminated, created or maintained on the Project site and elsewhere in the State as a result of the Project, as required by Section 66.1103(4m)(b) of the Wisconsin Statutes.....	29
ARTICLE X EVENTS OF DEFAULT AND REMEDIES .....		30
Section 10.01	Events of Default.....	30
Section 10.02	Acceleration.....	30

Section 10.03	Legal Proceedings by Owner.....	31
Section 10.04	Application of Moneys.....	31
Section 10.05	Termination of Proceedings.....	32
Section 10.06	Waivers of Events of Default; Rescission of Declaration of Maturity. ....	32
Section 10.07	No Waiver by Issuer.....	32
ARTICLE XIAMENDMENTS TO FINANCING DOCUMENTS.....		32
Section 11.01	Amendments to Bond Agreement. ....	32
Section 11.02	Amendments to Other Financing Documents.....	33
ARTICLE XII MISCELLANEOUS.....		33
Section 12.01	Limitation of Rights.....	33
Section 12.02	Limitation on Assignment. ....	33
Section 12.03	Severability. ....	33
Section 12.04	Notices.....	33
Section 12.05	Acts of Owner of the Bond.....	34
Section 12.06	Exculpation of the Issuer.....	35
Section 12.07	Counterparts. ....	35
Section 12.08	Termination. ....	35
Section 12.09	Authorization of Bond Agreement; Agreement to Constitute Contract.....	35
Section 12.10	Governing Law.....	36
ARTICLE XIII AGREEMENT TO PURCHASE BOND AND FUND BORROWER'S REQUISITIONS.....		36
 <u>EXHIBIT A</u> FORM OF BOND.....		A-1
 <u>EXHIBIT B</u> FORM OF PROMISSORY NOTE .....		B-1
 <u>EXHIBIT C</u> DESCRIPTION OF PROJECT AND APPLICATION OF PROCEEDS.....		C-1
 <u>EXHIBIT D</u> FORM OF BORROWER'S REQUISITION.....		D-1

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## BOND AGREEMENT

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THIS BOND AGREEMENT dated as of March 1, 2015 (as amended from time to time, the “Bond Agreement”) is made by and among PILOT COURT PARTNERSHIP, LLP, a Wisconsin limited liability partnership (the “Borrower”), the CITY OF WAUKESHA, WISCONSIN, a municipal corporation and political subdivision of the State of Wisconsin (the “Issuer”), and TCF NATIONAL BANK, a national banking association (the “Purchaser”).

### WITNESSETH:

Section 66.1103 of the Wisconsin Statutes (the “Act”) authorizes the Issuer to issue revenue bonds to finance eligible costs of qualified “projects” (as defined in the Act), and to enter into “revenue agreements” (as defined in the Act) with “eligible participants” (as defined in the Act).

The Issuer desires to issue the Bond (hereinafter defined) and to lend the Bond Proceeds (hereinafter defined) to the Borrower for the purpose of financing the Project (hereinafter defined) and the Borrower desires to borrow the Bond Proceeds for the purpose of financing the Project.

Pursuant to its authorizing Resolutions (hereinafter defined), the Issuer has authorized the Bond to be issued in the aggregate principal amount of \$7,080,000.

The Issuer desires to issue the Bond (hereinafter defined) and to lend the Bond Proceeds to the Borrower for the purpose of financing the Project, and the Borrower desires to borrow the Bond Proceeds for the purpose of financing the Project (the “Loan”) as evidenced by the Borrower’s Promissory Note (hereinafter defined).

The Bond will be a limited obligation of the Issuer payable solely from payments derived pursuant to this Bond Agreement and from the property which secures payment of the Bond, and the Bond and the interest thereon shall never constitute a debt of the Issuer within the meaning of any constitutional provision or statutory limitation, and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

The payment of the Bond will be secured, in part, by an assignment of the Promissory Note and the Issuer’s rights hereunder (other than its rights to payment of certain fees and expenses and to indemnification) to the Purchaser and its successors and assigns.

The obligations of the Borrower hereunder will be secured by a grant to Purchaser of the collateral and guaranties described in the Collateral Documents, and such other documents as the Purchaser shall require, which the Borrower acknowledges secure its obligations to the Purchaser hereunder.

All acts and procedures have been done and performed which are necessary to make the Bond, when executed and delivered by the Issuer as provided in this Bond Agreement, the legal, valid, and binding limited obligation of the Issuer in accordance with the terms thereof and to make this Bond Agreement a valid and binding agreement.

In consideration of the issuance and delivery of the Bond by the Issuer, the purchase and acceptance of the Bond by the Purchaser, the making of the Loan by the Issuer, the execution and delivery of the Promissory Note by the Borrower, and the mutual covenants and agreements herein contained, and intending to be legally bound, the parties hereby agree as follows:

## **ARTICLE I DEFINITIONS**

### **Section 1.01 Definitions.**

In addition to other terms defined herein, the following words and terms shall have the following meanings, unless a different meaning clearly appears from the context:

“Annual Period” means the period from the Original Issue Date to (but not including) March 1, 2016 and thereafter each period from (and including) a March 1 to (but not including) the next succeeding March 1.

“Assigned Interests” is defined in Section 6.01(a) hereof.

“Bond” means the \$7,080,000 City of Waukesha, Wisconsin Industrial Development Revenue Bond, Series 2015 (Production Service Company, Inc. Project).

“Bond Amount” means \$7,080,000.

“Bond Counsel” means counsel whose legal and tax opinion on municipal bond issues is nationally recognized; initially, Whyte Hirschboeck Dudek S.C.

“Bond Proceeds” means the sale proceeds of the Bond in the amount of \$7,080,000, as may be advanced hereunder by the Purchaser.

“Bond Year” means the one-year period commencing on [March \_\_\_\_] of each year.

“Borrower’s Requisition” means a withdrawal from the Project Fund pursuant to Section 5.06, in the form attached as Exhibit D.

“Business Day” means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions located in the State are required or authorized by law to close.

“City Clerk” means the person at the time incumbent in the office of City Clerk of the Issuer or, in the event of the death, disability or absence of such person, the person duly authorized and legally empowered to perform the duties of such office in such event.

“Code” means the Internal Revenue Code of 1986, as amended, and all applicable regulations promulgated thereunder.

“Collateral” means the properties, rights, and other assets in which the Purchaser is granted a lien and security interest pursuant to the Collateral Documents and the other Financing Documents.

“Collateral Documents” means, the Mortgage, the Security Agreement, the Guaranties, and the Collateral Assignment of Construction Contracts (as each of those terms is defined in the Credit Agreement) and such other documents as the Purchaser shall require.

"Completion Date" means the completion date of the Project established in accordance with Section 5.07.

“Credit Agreement” means the Credit Agreement dated [March \_\_, 2015] between the Borrower and the Purchaser, as amended from time to time in accordance with the terms thereof.

“Credit Spread” means (a) initially, [2.65%] per annum for the Fixed Rate, (b) initially, [2.35%] per annum for the Floating Rate or (c) upon receipt by the Owner of an opinion of Bond Counsel that using such other credit spread will not adversely affect the status of the Bond as a “qualified tax-exempt obligation,” such other credit spread as determined by the Purchaser for a borrower similarly situated to the Borrower, based on the Purchaser’s then-current underwriting standards, and with credit committee oversight, including without limitation, factors such as the current credit profile and current and historical operating performance and duration of the Reset Period.

“Counsel” means an attorney or firm of attorneys duly admitted to the practice of law before the highest court of any state in the United States of America or the District of Columbia.

[“Default Rate” means as of any date, the lesser of (1) 25% per annum or (2) the Floating Rate, Fixed Rate or Taxable Rate, as then applicable, plus 6% per annum].

“Event of Default” means any of the events enumerated in Section 10.01 hereof.

“Final Maturity Date” means [March 1, 2045].

“Financing Documents” means this Bond Agreement, the Collateral Documents, the Tax Certificate and the Credit Agreement.

“Fixed Rate” means, for any Reset Period, a rate per annum equal to [(Treasury Rate + Credit Spread) x Multiplier].

“Floating Rate” means a rate per annum equal to: [(LIBOR Rate + Credit Spread) x Multiplier].

“Indemnified Parties” means the Issuer, the Purchaser, the Owner, the Paying Agent, any person who “controls” the Issuer, the Purchaser, the Owner, or the Paying Agent within the meaning of Section 15 of the Securities Act of 1933, as amended, any member, officer, director, official, agent, or employee of the Issuer, the Purchaser, the Owner, or the Paying Agent, and their respective executors, administrators, heirs, successors, and assigns.

“Interest Payment Date” means the first day of each month, commencing [\_\_\_\_\_ 1, 2015].

“Issuer” means the City of Waukesha, Wisconsin.

["LIBOR Rate" means the One Month U.S. Dollar London Inter-Bank Offered Rate Yield, as reported on Bloomberg's Historical Price Table, or other similar service, for the second London Business Day before the relevant Reset Date, adjusted by truncating such Inter-Bank Offered Rate to four digits after the decimal point (the "Index"). If such Inter-Bank Offered Rate is not available, Purchaser may select a comparable rate or index, at its discretion, as the Index].

"Loan" means the loan of Bond Proceeds by the Issuer to the Borrower in an amount up to \$7,080,000.

"Mayor" means the person at the time incumbent in the office of Mayor of the Issuer or, in the event of the death, disability or absence of such person, the person duly authorized and legally empowered to perform the duties of such office in such event.

"Multiplier" means, at the time of determination, the Purchaser's multiplier for tax-exempt obligations that are not "qualified tax-exempt obligations," which shall be the same multiplier for tax-exempt obligations which are not "qualified tax-exempt obligations" quoted to customers of the Purchaser for such obligations; initially, the Multiplier shall be 70%.

"No Arbitrage Certificate" means the No Arbitrage Certificate of the Issuer dated as of the Original Issue Date.

"Optional Redemption Dates" means the dates on which the Bond is subject to optional redemptions of principal in accordance with the Credit Agreement.

"Original Issue Date" means [March \_\_\_, 2015].

"Owner" means the Purchaser or, if the Purchaser has transferred the Bond as provided in Section 3.06 hereof, the Person in whose name the Bond is registered in accordance with this Bond Agreement.

"Outstanding," when used with reference to the amount of the Bond, shall mean, as of the time in question, the amount of Bond for which the Purchase Price has been advanced under Section 4.01 hereof, and which has not been paid at maturity, upon acceleration of maturity pursuant to Section 10.02 hereof, or upon redemption in accordance with Section 3.09 hereof.

"Paying Agent" shall mean the Purchaser.

"Person" means a natural person, firm, association, corporation, limited liability company, partnership, trust, public body, or other entity of whatever nature.

"Pledged Revenues" means all revenues and income derived by or for the account of the Issuer from or for the account of the Borrower pursuant to the terms of this Bond Agreement, the Promissory Note, and the Collateral Documents, but excluding any amounts derived by the Issuer for its own account pursuant to the enforcement of Reserved Rights.

"Production Service Company" means Production Service Company, Inc., a Wisconsin corporation.



“Project” means the (i) acquisition of land, (ii) construction of an approximately 96,000 square foot manufacturing facility to be located at 827 Silvernail Road in the City of Waukesha, Wisconsin (the "Facility") to be operated by Production Service Company, doing business as Oberlin Filter Company, to manufacture industrial filtration equipment, (iii) acquisition and installation of equipment at the Facility and (iv) payment of certain professional costs and costs of issuance.

“Project Costs” means:

(a) All legal, abstracting, surveying, financial and accounting and other fees and expenses, printing and engraving costs and expenses incurred in connection with the establishment of title, the authorization, sale and issuance of the Bond (including any underwriter’s or agent’s fees, commitment or origination fees, or points in connection with the issuing of the Bond but, to the extent paid from Bond Proceeds, not to exceed two percent of the face amount of the Bond), and the preparation of this Bond Agreement, the Collateral Documents and all other documents, including filing fees for any financing statements deemed necessary by Counsel;

(b) All costs of acquiring and improving the Project site;

(c) All costs of acquiring and installing the Project Equipment;

(d) All architectural, engineering, consulting, legal, supervisory and other services incurred and to be incurred in the construction, purchase, acquiring, installing, improving, equipping or furnishing of the Project;

(e) The contract price of all labor, services, materials, supplies and equipment furnished under any contract entered into in connection with the construction, purchase, acquisition, installing, improving, equipping or furnishing of the Project;

(f) The cost of all other labor, services, materials, supplies and equipment necessary to complete the Project;

(g) All fees and expenses of the Purchaser that become due before the Completion Date of the Project;

(h) To the extent permitted by the Act and not prohibited by rules or regulations of the Internal Revenue Service and not otherwise paid from Bond Proceeds deposited in the Bond Fund, all interest accruing up until and not later than the completion of the Project, on money borrowed by the Borrower for temporary financing of Project Costs if such money was borrowed by the Borrower for the specific purpose of temporarily financing Project Costs and was not part of a general purpose open line of credit, and interest accruing on the Bond prior to, and up to completion of the Project;

(i) Without limitation by the foregoing, all other expenses which under GAAP constitute necessary capital expenditures for the completion of the construction, acquisition, purchase, installation, improving, equipping or furnishing of the Project, not including initial working capital or expendable supplies (all of which are nevertheless to be supplied by the Borrower from its own funds without reimbursement);

(j) All advances, payments and expenditures made or to be made by the Issuer, the Purchaser or any other person with respect to any of the foregoing expenses; and

(k) Reimbursement of the Borrower for the Borrower's payment of any of the foregoing incurred after June 6, 2014, to the extent such reimbursement is permissible under the Act.

"Project Equipment" means the equipment to be installed by the Borrower at the Project site as part of the Project.

"Project Facility" means the manufacturing facility used by Production Service Company to manufacture industrial filtration equipment, but not including any facilities described in Section 144(c)(6)(B) or 147(e) of the Code.

"Promissory Note" means the promissory note from the Borrower to the Issuer, dated the Original Issue Date, in the amount of \$7,080,000, or such lesser aggregate amount advanced pursuant to the Bond Agreement.

"Purchase Price" is defined in Section 4.01 hereof.

"Purchaser" means TCF National Bank.

"Put Date" means the last day of each Reset Period.

"Record Date" means, with respect to any Interest Payment Date, the Business Day preceding such Interest Payment Date.

"Reserved Rights" means the rights of the Issuer (1) to execute and deliver supplements and amendments to this Bond Agreement pursuant to Section 11.01 hereof, (2) to be held harmless and indemnified pursuant to Section 9.09 hereof, (3) to receive any funds for its own use, as reimbursement or indemnification pursuant to Section 5.04 hereof, (4) to receive notices and other documents, (5) to provide any consent, acceptance, or approval with respect to matters as provided herein, and (6) under Section 12.06 hereof.

"Reset Date" means each successive five (5) year anniversary following the initial Reset Date. The initial Reset Date shall be the date that is the earlier to occur of (a) [\_\_\_\_\_] (*18 months from the Original Issue Date*) or the Completion Date of the Project or (b) the date the Borrower elects to convert to the Fixed Rate pursuant to 3.01(c)(ii) of this Bond Agreement.

"Reset Period" means each period from (and including) a Reset Date to (but excluding) the next Reset Date or the Final Maturity Date, as the case may be.

"Resolutions" means the resolutions adopted by the Issuer on August 5, 2014 and March 3, 2015.

"State" means the State of Wisconsin.

"Tax Certificate" means the Borrower's Tax Matters Closing Certificate executed by the Borrower concurrently with the delivery of the Bond, relating to the compliance by the Borrower with the provisions of the Code as required to ensure the exclusion of the interest on the Bond from gross income for federal income tax purposes.

“Taxable Event” means the circumstance of interest paid or payable on the Bond becoming includable in the gross income of any Owner for federal income tax purposes as a consequence of any act, omission or event whatsoever including, without limitation, a failure by the Issuer or the Borrower to observe and comply with any covenant, agreement, or representation in this Bond Agreement or the Tax Certificate.

“Taxable Rate” means, at any time, the interest rate that would otherwise be in effect if the Multiplier were equal to 100%.

“Title Insurer” means Chicago Title Company.

“Treasury Rate” means, for any Reset Period, a rate per annum equal to the rate set forth for 5-year constant maturity U.S. Treasury obligations in Federal Reserve Statistical Release H.15 as most recently published two Business Days prior to the Reset Date (which rate is currently shown at [www.federalreserve.gov/releases/h15/update](http://www.federalreserve.gov/releases/h15/update)); provided, however, that if such rate is not available, then such rate shall be otherwise independently determined by the Purchaser from an alternate, substantially similar independent source or shall be calculated by a substantially similar methodology as that theretofore used to determine such rate.

“Uniform Commercial Code” means the Uniform Commercial Code as in effect in the State.

#### **Section 1.02 Rules of Construction.**

In this Bond Agreement (except as otherwise expressly provided), the following rules shall apply unless a different meaning clearly appears from the context:

(a) The section titles and other headings contained in this Bond Agreement and the table of contents preceding this Bond Agreement are for reference purposes only and shall not control or affect the construction of this Bond Agreement or the interpretation thereof in any respect.

(b) References to the plural include the singular, the singular the plural, and the part the whole.

(c) Any pronoun shall be deemed to include both the singular and plural and to cover all genders.

(d) The words “hereof,” “herein,” and “hereunder” and similar terms in this Bond Agreement refer to this Bond Agreement as a whole and not to a particular provision of this Bond Agreement.

(e) All references to the time of any day shall mean Central Standard or Daylight Saving Time, as prevailing on the applicable date in Milwaukee, Wisconsin.

**ARTICLE II  
REPRESENTATIONS AND WARRANTIES**

**Section 2.01 Representations and Warranties of the Issuer.**

The Issuer represents and warrants to the Borrower and the Purchaser as follows:

(a) Valid Existence. The Issuer is a municipal corporation and a political subdivision of the State, duly existing pursuant to the Constitution and laws of the State.

(b) Due Authorization. The Issuer is duly authorized under the Constitution and laws of the State (including, specifically, the Act) to issue the Bond, to execute this Bond Agreement and the No Arbitrage Certificate, and to pledge and assign the Assigned Interests. All action on the Issuer's part for the adoption and approval of the Resolutions, the issuance of the Bond, the making of the Loan, and the execution, delivery, and performance of this Bond Agreement and the No Arbitrage Certificate has been duly and effectively taken, and the Bond, in the hands of the Owner thereof, is and will be the valid and enforceable obligation of the Issuer according to the tenor and import thereof.

(c) No Conflict or Violation. The execution and delivery of this Bond Agreement, the No Arbitrage Certificate, and the Bond, and compliance with the provisions hereof and thereof, will not conflict with or constitute on the part of the Issuer a violation of the Constitution of the State or violation, breach of, or default under any statute, indenture, mortgage, deed of trust, or other agreement or instrument to which the Issuer is a party or by which the Issuer is bound, or, to the knowledge of the Issuer, any order, rule, or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties, and all consents, approvals, authorizations, and orders of governmental or regulatory authorities which are required to be obtained by the Issuer for the consummation of the transactions contemplated thereby have been obtained.

(d) No Litigation. There is no action, suit, proceeding, or investigation at law or in equity or before or by any court or public board or body pending or threatened against or affecting the Issuer, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby, or which in any way would contest or adversely affect the validity of the Resolutions, this Bond Agreement, the No Arbitrage Certificate, or the Bond or the power of the Issuer to issue the Bond and make the Loan to finance the Project, or to execute and deliver any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in consummation of the transactions contemplated hereby, or the exclusion of interest on the Bond from the gross income of the Owner for purposes of federal income taxation.

(e) Continuing Authority. No authority or proceedings for the issuance of the Bond or documents executed in connection therewith has been repealed, revoked, rescinded, or superseded.

The Issuer makes no representation as to (i) the financial position or business condition of the Borrower, (ii) the value of the Project or the Collateral, or (iii) the correctness, completeness or

accuracy of any of the statements, materials (financial or otherwise), representations, or certifications furnished or made by the Borrower in connection with the sale or transfer of the Bond, the execution and delivery of this Bond Agreement, or the consummation of the transactions contemplated hereby.

## **Section 2.02 Borrower Representations.**

Except as stated herein, the Borrower represents and warrants to the Issuer and the Purchaser as follows:

(a) Organization and Existence. The Borrower is a limited liability partnership duly formed and validly existing under the laws of the State of Wisconsin.

(b) Authority. The Borrower has full power and legal right to issue the Promissory Note, to enter into this Bond Agreement and the other Financing Documents, and to perform its obligations hereunder and thereunder. The execution and delivery by the Borrower of the Promissory Note, this Bond Agreement, and the other Financing Documents and the performance by the Borrower of its obligations hereunder and thereunder have been duly authorized.

(c) No Conflict or Violation. The execution and delivery of the Promissory Note, this Bond Agreement, and the other Financing Documents and the consummation of the transactions contemplated hereby and thereby does not conflict with or cause or constitute a breach of or default under the Borrower's limited liability partnership registration statement or partnership agreement, or any bond, contract, indenture, agreement or other instrument to which it is a party or by which it or its property is bound.

(d) Litigation or Proceedings. There is no action, suit, proceeding, or investigation at law or in equity before or by any court, arbitration board or tribunal, or public board or body pending or, to the actual knowledge of the Borrower, threatened against or affecting the Borrower nor, to the knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling, or finding would (i) adversely affect the transactions contemplated hereby, (ii) adversely affect in a material way the financial condition of the Borrower or its ability to perform its obligations under the Promissory Note, this Bond Agreement, and the other Financing Documents, or (iii) adversely affect the exclusion of interest on the Bond from gross income for purposes of federal income taxation.

(e) Legal and Binding Obligation. The Promissory Note and each of the Financing Documents is a legal, valid, and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws relating to or affecting the enforcement of creditors' rights generally and except to the extent that the enforceability thereof may be limited by the application of general principles of equity.

(f) Accuracy of Project Description and Expenditure of Bond Proceeds. The description of the Project as set forth in Exhibit C hereto is accurate in all material respects,

and the application of the proceeds of the Bond as set forth in said Exhibit C is an accurate summary of the Borrower's application of the proceeds of the Bond.

(g) Payment of Taxes. The Borrower has filed all federal, state, and local tax returns which are required to be filed, and has paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(h) No Default. The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument to which it is a party or by which it is bound, to the extent such default would result in a materially adverse impact on the financial position or condition of the Borrower.

(i) Representations in Other Documents. All representations made to the Purchaser in the other Financing Documents are true, correct, and complete as of the date hereof. Neither any Financing Document, nor any other document, certificate, or statement furnished to the Issuer or the Purchaser by or on behalf of the Borrower, contains any untrue statement of a material fact with respect to the Borrower or the Project or omits to state a material fact with respect to the Borrower or the Project necessary in order to make the statements contained herein and therein not materially misleading.

It is specifically understood by the Borrower that all of the foregoing statements, representations, and warranties have been relied upon by the Issuer as an inducement to make the Loan and issue the Bond, and by the Purchaser as an inducement to purchase the Bond and enter into the Financing Documents to which it is a party.

### **Section 2.03 Purchaser Representations.**

The Purchaser represents and warrants to the Issuer and the Borrower as follows:

(a) Independent Investigation. The Purchaser has made an independent investigation and evaluation of the financial position and business condition of the Borrower and the value of the Collateral. All information relating to the business and affairs of the Borrower that the Purchaser has requested in connection with the transactions referred to herein has been provided to the Purchaser. The Purchaser hereby expressly acknowledges that the Issuer has no responsibility to provide such information and no liability for failure to provide such information.

(b) Purchase for Own Account. The Purchaser is purchasing the Bond for its own account, for the purpose of investment and not with the intention of distribution or resale thereof; it being understood that the Purchaser shall have the right at any time or times to sell, assign, pledge, or otherwise transfer all or any part of its interest in the Bond (including, without limitation, to transfer the Bond in accordance with Section 3.06 hereof or to sell participations in the Bond to other financial institutions) and, in connection therewith, to assign or otherwise transfer its rights hereunder.

**ARTICLE III  
THE BOND**

**Section 3.01 Authorization and Terms.**

(a) The Bond is hereby authorized to be issued in the aggregate principal amount of \$7,080,000. The Bond shall be issued as a fully-registered Bond, without coupons, substantially in the form set forth as Exhibit A hereto, with appropriate insertions and deletions. The Bond shall be issued in the form of a single bond in the denomination equal to the entire authorized principal amount thereof. The Bond shall represent a limited obligation of the Issuer, as provided in Section 3.02 hereof.

(b) The Bond shall mature on the Final Maturity Date, subject to redemption prior to maturity as provided in Section 3.09 hereof.

(c) The outstanding amount of the Bond shall bear interest from and including the Original Issue Date, or from the most recent Interest Payment Date to which interest has been fully paid, until payment of the entire principal amount thereof shall have been made as provided herein, payable on each Interest Payment Date, at a rate per annum (subject to adjustment as provided in Section 3.01(e) or (f) below) equal to:

(i) Initial Interest Rate – From the Original Issue Date to [\_\_\_\_\_, 20\_\_] (*18 months from the Original Issue Date*) or the Completion Date of the Project, whichever ever date is shorter, at the Floating Rate.

(ii) Option to Convert to Fixed Rate – On any date prior to [\_\_\_\_\_, 20\_\_] (*18 months from the Original Issue Date*), the Borrower shall have the option to convert from the Floating Rate to the Fixed Rate; provided, however, upon making such election, all remaining Bond Proceeds shall be drawn and deposited into the Project Fund.

(iii) Interest Rate Resets - The interest rate on the Bond shall be reset on the Initial Reset Date and on each Reset Date thereafter, at the Fixed Rate or the Floating Rate in effect from time to time during such Reset Period, as selected by the Borrower or otherwise established pursuant to Section 3.01(d).

Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed.

(d) Not less than 45 days (or such shorter period as the Owner shall approve, in its sole discretion) nor more than 60 days before each Reset Date, the Borrower shall notify the Owner of its selection of either the Fixed Rate or the Floating Rate to be in effect during the Reset Period commencing on such Reset Date. If the Borrower selects the Floating Rate, fails to select a rate option, or fails to cause any of the conditions in this Section 3.01(d) to establishing the Fixed Rate to be satisfied, the Bond shall, commencing on the Reset Date (but subject to adjustment as provided in Section 3.01(e) or (f) below), bear interest at the Floating Rate during the related Reset Period.

(e) Upon the occurrence of a Taxable Event, the interest rate on the Bond shall (subject to adjustment as provided in Section 3.01(f) below), effective on the date as of which interest on the Bond first becomes includable in the gross income of the Owner, be converted to a rate equal to the Taxable Rate then in effect. If the Issuer, the Owner, or the Borrower becomes aware of the occurrence of a Taxable Event, such party shall immediately give written notice to the other parties of such occurrence. Any amounts of additional interest due in respect of prior interest periods by reason of the retroactive application of the change in interest rate shall be payable on the first Interest Payment Date occurring more than thirty days after such Taxable Event or, at the option of the Borrower, in a lump sum on any earlier date.

(f) Upon the occurrence and during the continuance of an Event of Default, the interest rate on the Bond shall, effective on the date of such Event of Default, be converted to a rate equal to the Default Rate.

(g) Overdue installments of principal and, to the extent permitted by law, overdue interest payments, shall bear interest at the Default Rate.

(h) The Owner shall determine the interest rate in effect on the Bond from time to time in accordance with this Bond Agreement. The Owner shall determine, and notify the Borrower of, the Fixed Rate or Floating Rate, as applicable, on the commencement date of each Reset Period. The Owner shall, upon request, notify Borrower of the Floating Rate, Taxable Rate, or Default Rate, if applicable, in effect from time to time. Determinations of the Fixed Rate, the Floating Rate, the Taxable Rate, and the Default Rate by the Owner shall be conclusive and binding upon the Issuer and the Borrower, absent manifest error.

### **Section 3.02 Bond to be a Limited Obligation of Issuer.**

In accordance with the Act, the Bond shall be a limited obligation of the Issuer, payable by it solely from the Pledged Revenues. The Bond shall not constitute a debt or obligation of the Issuer, the county in which it is located, the State, or any political subdivision thereof within the meaning of any State Constitutional provision or statutory limitation and shall not be a charge against their general credit or taxing powers.

### **Section 3.03 Payment and Dating of the Bond.**

The Bond shall be dated the Original Issue Date. Principal of the Bond shall be payable to the Owner thereof, without the need for presentation or surrender of the Bond, on Optional Redemption Dates, on the Final Maturity Date or on any other redemption date established pursuant to Section 3.09 hereof. Interest on the Bond shall be payable on each Interest Payment Date, to the Person who was the Registered Owner as of the Record Date for such Interest Payment Date, without the need for presentation or surrender of the Bond. Payments of principal of, and premium, if any, and interest on, the Bond shall be payable by the Purchaser, as paying agent, by automatic payment of immediately available funds to the bank account designated by the Owner (any such designation provided by the Owner shall be effective for each payment date thereafter until written notice to the contrary is provided to the Borrower), or in such other manner as the Paying Agent and the Owner shall agree. If any such payment date is not a Business Day, then the payment otherwise due on such date shall be due on the next succeeding Business Day, and interest



shall continue to accrue on any such principal amount until payment thereof is actually received, and shall be payable on the date payment of principal is received. Payment as aforesaid shall be made in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

#### **Section 3.04 Execution.**

The Bond shall be executed on behalf of the Issuer by its Mayor, by his or her manual or facsimile signature, and the corporate seal of the Issuer or a facsimile thereof shall be impressed thereon or affixed thereto, and attested by its City Clerk by his or her manual or facsimile signature; provided, that at least one of such signatures shall be manual. In case any officer whose signature (or facsimile thereof) shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

#### **Section 3.05 Mutilated, Lost, Stolen or Destroyed Bond.**

If mutilated, the Bond may be surrendered to the Issuer, and thereupon the Issuer shall execute and deliver to the Owner in exchange therefor a new Bond of like date, interest rate, maturity, and denomination as that mutilated, upon surrender or cancellation of such mutilated Bond.

If there shall be delivered to the Issuer (a) evidence to its satisfaction of the destruction, loss, or theft of the Bond, and (b) such security or indemnity as may be required by it to save it harmless, then in the absence of notice to the Issuer that the Bond has been acquired by a bona fide purchaser, the Issuer shall execute and deliver to the Owner in lieu of the destroyed, lost, or stolen Bond, a replacement Bond of like date, interest rate, maturity, and denomination as that destroyed, lost, or stolen. In the event any such mutilated, destroyed, lost, or stolen Bond shall have matured, instead of the Issuer issuing a replacement Bond, the Paying Agent, as the Issuer's paying agent, may pay the same.

Upon the issuance of a new Bond under this Section, the Issuer may require of the Owner thereof the payment of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

A new Bond issued pursuant to this Section in lieu of a mutilated, destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Issuer whether or not the destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Bond Agreement.

The provisions of this Section are exclusive and shall preclude (to the extent permitted by law) all other rights and remedies with respect to the replacement or payment of a mutilated, destroyed, lost, or stolen Bond.

#### **Section 3.06 Transfer, Registration and Exchange.**

The Paying Agent, as registrar, shall keep books for the registration and for the transfer of the Bond in accordance with the requirements of Section 149(a) of the Code at all times while any

amount of the Bond remains Outstanding. During regular business hours, such registration books may be inspected and copied by the Issuer or the Borrower.

The Bond shall be transferable only upon such books by the Owner thereof, in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form set forth in the Bond or in such other form as may be satisfactory to the Paying Agent, duly executed by the Owner or by its duly authorized attorney. Upon surrender for transfer of the Bond at the principal office of the Paying Agent, the Issuer shall execute and deliver in the name of the transferee a new fully-registered Bond, with appropriate insertions and deletions.

Upon the transfer of the Bond under this Section, the Issuer may require of any transferee the payment of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

### **Section 3.07 Person Treated as Owner.**

The Issuer, the Paying Agent, and the Borrower may deem and treat the person in whose name the Bond is registered as the absolute owner thereof, whether the Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of the Bond and for all other purposes, and all such payments so made to the Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Borrower shall be affected by any notice to the contrary.

### **Section 3.08 Destruction of the Bond.**

Whenever the Bond shall be surrendered to the Issuer or the Purchaser for replacement or transfer pursuant to Sections 3.05 or 3.06 hereof, the Bond shall be promptly cancelled and destroyed.

### **Section 3.09 Redemption of the Bond Before Maturity.**

The Bond is not subject to redemption prior to maturity except as provided in this Section 3.09.

(a) Redemption at Borrower's Option. The Bond shall be subject to optional redemption, at the written direction of the Borrower, only as provided in [Section \_\_\_\_\_] of the Credit Agreement.

(b) Mandatory Redemption on Put Date. The Bond shall be subject to redemption in whole on any Reset Date, unless Owner shall have notified the Borrower, at least 90 days prior to such Reset Date, that it is waiving such mandatory redemption. The redemption price for any such redemption shall be equal to 100% of the principal amount of the Bond, together with accrued interest to the date of redemption.

(c) Notice of Redemption Given by Borrower. Borrower shall provide the Owner with notice of the date of any redemption pursuant to paragraph (a) above by first class mail, sent at least 30 days (or such shorter period as the Owner shall approve, in its sole discretion) before such redemption date to the Owner at the registered address of the Owner appearing on the registration books maintained pursuant to this Bond Agreement as

of the close of business on the Business Day prior to such mailing. Such notice shall identify the Bond and this Bond Agreement, refer to Section 3.09(a) hereof, and set forth the redemption date and the principal amount of the Bond to be redeemed.

(d) Effect of Notice and Redemption. Notice of redemption having been given as provided in paragraph (d) above, the Bond or the portion thereof so called for redemption shall become due and payable on the redemption date and, if the redemption price is duly paid, interest shall cease to accrue thereon from and after the redemption date.

(e) Payment of Redemption Price. In connection with any redemption of the Bond in whole or in part, the redemption price shall be paid to the Owner on the applicable redemption date as provided in Section 3.03 hereof and Section [\_\_\_\_\_] of the Credit Agreement.

### **Section 3.10 Paying Agent.**

The Issuer hereby appoints the Purchaser, and the Purchaser hereby accepts the appointment, as paying agent for purposes of acting as paying agent and registrar with respect to the Bond. The Purchaser may resign as Paying Agent at any time, and upon such resignation the Issuer may appoint a successor Paying Agent; provided, however, that if the Purchaser resigns as Paying Agent and a successor is not appointed hereunder, the Borrower shall act as Paying Agent.

## **ARTICLE IV SALE AND PURCHASE OF BOND**

### **Section 4.01 Sale and Purchase of the Bond; Application of Proceeds; Project Fund.**

(a) Sale and Purchase of the Bond. The Issuer agrees to issue the Bond, concurrently with the execution and delivery hereof, and to sell the Bond to the Purchaser. The Purchaser shall, subject to the terms and conditions hereof and of the Credit Agreement, purchase the Bond at a purchase price of 100% of the principal amount thereof (the "Purchase Price").

The Purchase Price shall be paid by the Purchaser as proceeds of the Bond, which proceeds shall be lent to the Borrower pursuant to Section 5.01 hereof. The Issuer hereby directs that the Purchase Price be paid directly to the Purchaser for the account of the Borrower.

(b) Application of Proceeds of Bond; Draw Down Loan. The Purchaser shall deposit the amount received by it for the account of the Issuer on the Original Issue Date into the Project Fund. On the Original Issue Date, and if the total principal amount of the Bond is not funded on the Original Issue Date, on such dates as determined by the Borrower and Purchaser thereafter, the Borrower shall submit Borrower's Requisitions meeting the requirements of and submitted in accordance with Section 5.06. The Purchaser shall review such Borrower's Requisitions and if, in the Purchaser's reasonable discretion the Purchaser shall approve a Borrower's Requisition, the Purchaser shall forward the amount of such Borrower's Requisition to the Purchaser for deposit into the Project Fund. If the

Borrower elects to convert to a Fixed Rate pursuant to Section 3.01(c)(ii) or the principal amount of the Bond up to the Bond Amount has not been funded by December 31, 2015, the Borrower shall submit a Borrower's Requisition requesting that any remaining available amounts desired to be drawn in a cumulative amount up to the Bond Amount be deposited in the Project Fund on or before such conversion date or, December 31, 2015, as applicable.

(c) Project Fund. There is hereby created by the Issuer and ordered established with the Purchaser a fund to be designated with the name of the Bond and the label "Project Fund." The Purchaser shall deposit into the Project Fund, from time to time when and as received, the amounts specified in Section 4.01(b) and any additional moneys which the Borrower may deliver to the Purchaser from time to time with the instruction that such moneys be deposited into the Project Fund.

The Purchaser is hereby authorized and directed to disburse moneys from the Project Fund to pay (or reimburse the Borrower for) Project Costs. Except as otherwise provided below, such disbursements shall be made only upon a Borrower's Requisition made by or on behalf of the Borrower meeting the requirements of and submitted in accordance with Section 5.06.

In addition, disbursements from the Project Fund shall be subject to such further terms and conditions between the Borrower and the Purchaser as may be contained in the Credit Agreement.

#### **Section 4.02 Delivery of the Bond.**

The Issuer will issue and deliver the Bond to the Purchaser upon the payment of the Purchase Price therefor as provided in Section 4.01 hereof.

The delivery to the Purchaser of the following documents and/or items (in each case, satisfactory to Purchaser) shall be conditions to the issuance of the Bond:

- (a) Copies of the Resolutions, duly certified by the City Clerk of the Issuer;
- (b) Copies of the Borrower's certificate of registration of limited liability partnership and partnership agreement, and resolutions of the partners of the Borrower, authorizing and approving the execution and delivery of this Bond Agreement and the other Financing Documents, all certified by a partner of the Borrower;
- (c) Original executed counterparts of each Financing Document and such other appropriate documents as may reasonably be required by the Purchaser;
- (d) The Promissory Note, executed by the Borrower and endorsed by the Issuer.
- (e) Opinions in form and substance satisfactory to the Purchaser dated as of the date of the closing of (i) counsel for the Issuer, (ii) Bond Counsel, and (iii) counsel for the Borrower;
- (f) Evidence satisfactory to the Purchaser of the filing (or delivery to the Purchaser for filing) of all Uniform Commercial Code financing statements required to

perfect the liens and security interests in personal property created under the Collateral Documents and the assignment by the Issuer to the Purchaser of the Pledged Revenues and the other Assigned Rights hereunder; and

(g) All documents, closing certificates, corporate documents and records, and documents as may be required under the terms of the Credit Agreement, or as may reasonably be required by the Purchaser or by Bond Counsel.

## **ARTICLE V THE LOAN**

### **Section 5.01 Making of the Loan.**

The Issuer hereby agrees to lend to the Borrower, and the Borrower hereby agrees to borrow from the Issuer, on the terms hereof, the proceeds of the Bond in the principal amount of \$7,080,000 received from the Purchaser under the Loan, which proceeds shall be used to finance the Project.

The Issuer hereby agrees to loan from time to time as provided herein up to \$7,080,000 to the Borrower, and the Borrower agrees to accept the Loan from the Issuer on the terms and conditions provided in this Bond Agreement. The proceeds of the Loan will be disbursed to the Borrower to finance the Project.

The Issuer will lend to the Borrower and the Borrower will borrow from the Issuer, upon the terms and conditions specified herein, the Bond Proceeds by causing such Bond Proceeds to be credited to the Project Fund under for disbursement in accordance with Section 5.06. The Issuer shall be obligated to lend only moneys transferred from the Purchaser for deposit in the Project Fund, as evidenced by the Purchaser's approval of a Borrower's Requisition in the form set forth in Exhibit D attached hereto. The outstanding principal amount of the Loan shall at all times be in balance with the principal amount of the Bond Outstanding.

### **Section 5.02 Evidence of and Security for the Loan.**

As evidence of the Loan, the Borrower hereby delivers the Promissory Note to the Issuer. The Issuer hereby acknowledges receipt of the Promissory Note. The obligations of the Borrower under the Promissory Note and this Bond Agreement are secured by the Collateral Documents as provided therein.

### **Section 5.03 Loan Payments.**

(a) The Borrower shall pay to the Paying Agent, as paying agent on behalf of the Issuer, the following sums as Loan repayments hereunder at the following times, in immediately available funds:

(i) on each Interest Payment Date, an amount which is sufficient to pay the interest then due on the Bond (which amount shall satisfy the interest payable under the Promissory Note).

(ii) on the Final Maturity Date (or on the date that maturity of the Bond is accelerated pursuant to Section 10.02 hereof), the Outstanding principal amount thereof; and

(iii) on the Optional Redemption Dates and any other redemption dates established for the Bond to be redeemed pursuant to Section 3.09 hereof, an amount equal to the redemption price due on such date.

(b) The Borrower's principal and interest payment obligations on the Promissory Note (and the Issuer's principal and interest payment obligations on the Bond) shall be discharged to the extent that Owner actually receives proceeds of Collateral pursuant to the Collateral Documents, and such proceeds are applied to such obligations in accordance with the terms of the respective Collateral Documents and the Credit Agreement.

(c) Notwithstanding the foregoing, at such time, if any, as the Borrower is the Paying Agent, the Issuer hereby directs that the Loan repayments be made, and the Borrower agrees to make such Loan repayments, directly to the Owner, for the account of the Issuer, in satisfaction of the Issuer's payment obligations with respect to the Bond.

(d) In any event, the sum of the Loan repayments payable under this Section 5.03 shall be sufficient to pay the total amount due with respect to such principal and redemption price of and interest (including but not limited to interest and late charges payable pursuant to the Bond on any overdue amount) on the Bond, as and when due, and the Borrower shall forthwith pay any deficiency to the Owner. If at any time the Bond has been fully paid and discharged within the meaning of the terms hereof, the Borrower shall not be obligated to make any further payments under this Section or the Promissory Note.

#### **Section 5.04 Payment of Fees and Expenses.**

(a) The Borrower shall pay to, or upon the order of, the Issuer, upon request of the Issuer, such amounts as may be required to pay or reimburse the Issuer for its reasonable administrative expenses (including legal fees) incurred from time to time in connection with the issuance of the Bond, the making of the Loan, and all other services or actions of the Issuer in connection with this Bond Agreement.

(b) Without limiting any provisions of the Credit Agreement or any other Financing Document with respect to costs and expenses of the Purchaser, the Borrower will (1) reimburse the Purchaser on demand for all out-of-pocket costs and expenses of the Purchaser in connection with the preparation, execution, issuance, delivery, recording, and amendment of this Bond Agreement, the Bond, the Mortgage, and the other Financing Documents (including the fees and expenses of counsel with respect thereto) and (2) reimburse the Owner on demand for the costs and expenses, if any, of the Owner in connection with the enforcement of the Bond, the Promissory Note, and the Financing Documents (including the reasonable fees and out-of-pocket expenses of legal counsel with respect thereto).

**Section 5.05 No Abatement or Setoff.**

The Borrower shall pay all Loan repayments and all additional sums required hereunder and under the other Financing Documents without suspension or abatement of any nature. So long as any amount of the Bond remains Outstanding, the obligation of the Borrower to pay all sums due from the Borrower hereunder shall be absolute and unconditional, and shall not be suspended, abated, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever, regardless of any rights of setoff, recoupment, or counterclaim that the Borrower might otherwise have against the Issuer, the Purchaser, the Owner, or any other party or parties and regardless of any contingency, act of God, event, or cause whatsoever and notwithstanding any circumstances or occurrence that may arise or take place after the date hereof, including but without limiting the generality of the foregoing:

- (a) any damage to or destruction of any part or all of the Project;
- (b) the taking of any part or all of the Project by the Issuer or any other public authority or agency in the exercise of the power of or in the nature of eminent domain or by way of a conveyance in lieu of such exercise or otherwise;
- (c) any assignment, novation, merger, consolidation, or transfer of assets, whether with or without the approval of the Issuer;
- (d) any failure of the Issuer to perform or observe any agreement or covenant, whether express or implied, or any duty, liability, or obligation arising out of or in connection with this Bond Agreement and the Bond;
- (e) any act or circumstances that may constitute an eviction or constructive eviction;
- (f) any failure of consideration, failure of title, or commercial frustration; or
- (g) any change in the tax laws or other laws of the United States or of any state or other governmental body.

**Section 5.06 Withdrawals from the Project Fund; Borrower's Requisition.**

The Issuer has authorized and directed the Purchaser to disburse money from the Project Fund in payment or reimbursement of Project Costs certified by the Borrower, or otherwise satisfactorily established, to be due and payable or to have been paid or incurred by or on behalf of the Borrower. The Purchaser shall not disburse any funds from the Project Fund except upon receipt of a Borrower's Requisition in the form attached hereto as Exhibit D, approved and funded by the Purchaser, and the requirements set forth in the Credit Agreement and the Disbursing Agreement (as defined in the Credit Agreement) have been satisfied.

In addition, the Borrower recognizes the right of the Purchaser to require additional documentation regarding the progress of the Project, absence of liens, percentage of completion, incurrence of costs and similar matters prior to disbursing moneys from the Project Fund, where deemed reasonably necessary. Such documents may include without limitation:

(a) Evidence (which may be in the form of acknowledgments of governmental authorities having jurisdiction over the Project, or of public utilities) that all off-site and on-site utilities, including without limitation those for electricity, natural gas, water and sewage, are available to the Project;

(b) Copies of licenses, permits and all certificates required by any governmental authority in connection with the construction of the Project; and

(c) If requested by the Purchaser, a statement by the Borrower and any subcontractor as to its subcontract, in form and in substance satisfactory to the Purchaser, setting forth the names, addresses and amounts due or to become due, the amounts previously paid to every subcontractor, person, firm or corporation furnishing materials or performing labor entering into the construction of any part of the Project and lien waivers duly executed in a form acceptable to the Purchaser, delivered before or contemporaneously with the Purchaser's disbursement of Bond Proceeds.

**Section 5.07 Establishment of Completion Date.**

The Completion Date shall be the date on which the Purchaser shall acknowledge receipt of the following items, which the Borrower shall furnish to the Purchaser with respect to the Project:

(a) A certificate signed by the Borrower or an independent architect stating, or other satisfactory evidence establishing, that the construction, acquisition, purchase, improving, equipping, furnishing or installation of the Project has been completed, but that the certificate is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being;

(b) A certificate signed by the Borrower stating, or other satisfactory evidence establishing, that the entire Project Costs have been paid or are then due and payable;

(c) If necessary, a certificate of occupancy for the Project issued by the governmental authority having jurisdiction; and

(d) Any other documents required by the Credit Agreement.

**Section 5.08 Completion Date.**

The Project shall be completed within 36 months of the Original Issue Date, and all amounts in the Project Fund shall be expended within 36 months of the Original Issue Date. The Borrower and the Purchaser expect the Project to be completed within 18 months of the Original Issue Date.

**ARTICLE VI  
ASSIGNMENT BY ISSUER**

**Section 6.01 Assignment to Owner.**

(a) As security for the payment when due of the principal of and the premium, if any, and interest on the Bond, and for the performance of the Issuer's obligations hereunder



and with respect to the Bond, the Issuer hereby pledges, assigns, and conveys to the Owner, and grants to the Owner (or Owner's agent, as applicable) a security interest in, all right, title, and interest of the Issuer in and to the Pledged Revenues, the Promissory Note, this Bond Agreement, and the Collateral, and all sums payable by the Borrower with respect thereto and hereto (including the Pledged Revenues), other than the Reserved Rights of the Issuer (collectively "Assigned Interests"). The Issuer irrevocably directs that all payments by the Borrower hereunder (except for payments to the Issuer pursuant to Sections 5.04(a) or 9.09 hereof) be paid directly to the Owner. If, notwithstanding these arrangements, the Issuer shall receive any such payments, the Issuer shall immediately pay over the same to the Owner.

(b) In furtherance of the foregoing, the Issuer shall assign and deliver to the Purchaser the Promissory Note, endorsed without recourse as provided in the form thereof attached as Exhibit B hereto.

(c) The Borrower consents to such assignment and agrees to pay all amounts payable hereunder, except for payments with respect to Reserved Rights, directly to the Paying Agent.

(d) The Issuer agrees and covenants to take all actions reasonably requested by the Purchaser for the Purchaser to enjoy, receive, and/or be able to enforce the Assigned Interests at no additional costs to Purchaser, and to take no action which shall cause Purchaser not to enjoy, receive, and enforce the Assigned Interests.

(e) For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer hereby appoints Purchaser as its attorney-in-fact (coupled with an interest) to undertake and exercise all of the Issuer's rights, title, interests, power, and remedies with respect to the Assigned Interests without further notice or consent.

### **Section 6.02 Priority of Pledge.**

The pledge and assignment herein made of the Pledged Revenues and the other Assigned Interests shall at no time be impaired by the Issuer and the Pledged Revenues and the other Assigned Interests shall not otherwise be pledged, and no Person shall have any rights with respect thereto except as provided herein. The Issuer agrees and covenants not to further encumber, assign, transfer, mortgage, grant a security interest in, pledge, or otherwise transfer or dispose to any third party except Purchaser any of the Assigned Interests, and the Assigned Interests are unconditionally and irrevocably assigned by the Issuer to the Purchaser free and clear of all claims and interests of third parties.

### **Section 6.03 Enforcement of Assigned Rights by Owner.**

The Issuer and the Borrower agree that the Owner may, in its own name or (to the extent permitted by law) in the name of the Issuer, enforce all rights of the Issuer and all obligations of the Borrower under and pursuant to this Bond Agreement (except the Reserved Rights of the Issuer, and the obligations of the Borrower related thereto) for and on behalf of the Owner, whether or not the Issuer is in default hereunder. The Borrower waives any and all claims, objections or defenses based on the Owner asserting or enforcing any rights hereunder in the name of the Issuer or in the

Owner's own name or otherwise, or based on any need to join the Issuer in any proceedings involving Borrower, the Collateral or the Assigned Interests.

**Section 6.04 Instruments of Further Assurance.**

The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered (at the expense of the Borrower), such further acts, instruments, and transfers as the Purchaser may reasonably require for the better assuring, transferring, conveying, pledging, assigning, and confirming unto the Owner all and singular the rights and revenues assigned hereby to the payment of the principal of, and premium, if any, and interest on, the Bond.

**Section 6.05 Filing and Recording.**

The Issuer, as directed by and at the expense of the Owner, shall cause all documents, statements, memoranda, or other instruments to be registered, filed, or recorded in such manner and at such places as may be required by law to fully protect the security of the Owner and the right, title, and interest of the Owner in and to any moneys or securities held hereunder or any part thereof or in any other Collateral (including any re-filings, continuation statements, or such other documents as may be required). The Issuer authorizes the filing by Purchaser of such Uniform Commercial Code financing statements as may be necessary or desirable to perfect the security interests created by Section 6.01 hereof. The Issuer will execute such instruments as may be necessary in connection with such filing or recording.

**Section 6.06 Reserved Rights; Enforcement by Issuer.**

The Issuer may exercise all of its Reserved Rights under this Bond Agreement, but the Issuer shall not, without the consent of the Owner, amend any of the same so as to diminish the amounts payable thereunder or otherwise so as to adversely affect the Issuer's or the Borrower's ability to perform their respective covenants under this Bond Agreement.

In addition, the Issuer may, with written consent of the Owner, take any legally available action to cause the Borrower to fully perform all duties and acts and fully comply with the covenants of the Borrower imposed by this Bond Agreement and the Financing Documents in the manner and at the times provided therein.

**ARTICLE VII  
THE PROJECT**

**Section 7.01 Sale or Transfer of Project.**

The Borrower shall not sell, lease (other than leases in the ordinary course of the Borrower's business), assign, or otherwise transfer all or any part of its interest in the Project, unless:

- (a) the purchaser, lessee, transferee, or assignee, as the case may be, shall have expressly assumed in writing (delivered to the Issuer and the Owner) all obligations of the Borrower contained in this Section 7.01 and Sections 7.02 and 9.01 hereof;

(b) if such sale, lease, transfer, or assignment involves (in a single transaction or any series of transactions) all or substantially all of the Borrower's assets, the purchaser, lessee, transferee, or assignee, as the case may be, shall have expressly assumed in writing (delivered to the Issuer and the Owner) all of the obligations of the Borrower contained in this Bond Agreement, the Promissory Note, and the Tax Certificate (after which it shall be the "Borrower" for purposes hereof and thereof);

(c) the Borrower shall have delivered to the Issuer and the Owner an opinion of Bond Counsel to the effect that such transaction will not violate the Act, adversely affect the validity of the Bond, or result in a Taxable Event; and

(d) the Owner shall have consented thereto (which shall be at the Owner's sole discretion).

No such sale, lease, transfer, or assignment shall relieve the Borrower from primary liability for the performance of its obligations hereunder and under the Promissory Note unless the requirements set forth in paragraph (b) above are met, in which event the Borrower shall be released of all further obligation hereunder simultaneously with such purchaser, lessee, transferee, or assignee assuming such obligations.

#### **Section 7.02 Agreements for the Benefit of the Issuer.**

The Borrower represents that the Project Facility is or will be operated by Production Service Company which intends to use the Project for so long as any amount of the Bond remains Outstanding, for the Project Facility. Notwithstanding such use, the Borrower and Production Service Company shall have the right to use the Project for any lawful purpose which in the opinion of Bond Counsel will not affect adversely the validity of the Bond or result in a Taxable Event. As an inducement to the Issuer to issue the Bond, the Borrower covenants to use its best efforts to continue to cause the Project Facility to be conducted in the City for so long as any amount of the Bond remains Outstanding.

The Borrower agrees, with respect to the continued operation of the Project, that persons otherwise entitled to any right, benefit, facility, or privilege shall not be denied such right, benefit, facility, or privilege in any manner for any purpose nor be discriminated against because of sex, race, color, creed, age, handicap, sexual orientation or national origin.

A breach of the covenants contained in this Section 7.02 shall not be or be deemed an "Event of Default" under this Bond Agreement.

#### **Section 7.03 No Warranty by Issuer.**

The Borrower recognizes that the Issuer has not made a detailed inspection of the Project or the project plans and specifications, and the Issuer makes no warranty or representation with respect to the same or the location, use, description, design, merchantability, fitness for use for any particular purpose, condition, or durability thereof, or as to the Borrower's title thereto or ownership thereof, or otherwise with respect to the Project, it being agreed that all risks incident thereto are to be borne by the Borrower in the event of any defect or deficiency of any nature in the Project or any portion thereof, whether patent or latent, and the Issuer shall have no responsibility or liability with respect thereto.

**ARTICLE VIII  
COVENANTS AND AGREEMENTS OF ISSUER**

**Section 8.01 Payment of Principal and Interest.**

The Issuer covenants that it will promptly pay, or cause to be paid, the principal of, and premium, if any, and interest on, the Bond issued under this Bond Agreement at the place, on the dates, in the manner and solely from the source provided herein and in the Bond according to the true intent and meaning thereof, but only from the amounts payable by the Borrower under this Bond Agreement. The principal of and premium, if any, and interest on, the Bond are payable solely from the Pledged Revenues and the Financing Documents, and nothing in the Bond or this Bond Agreement shall be considered as pledging any other funds or assets of the Issuer.

**Section 8.02 Performance of Covenants by Issuer.**

The Issuer covenants that it will faithfully perform at all times all covenants, undertakings, stipulations, and provisions contained in this Bond Agreement, in the Bond, and in all proceedings of the Issuer pertaining thereto; provided that the Issuer shall be under no obligation to take any action or prepare, execute or deliver any instrument or document until it shall have received assurances satisfactory to it that the Borrower shall pay in advance or reimburse it (at the Issuer's option) for its reasonable expenses incurred or to be incurred in connection with the taking of such action (including reasonable attorneys' fees) and shall be indemnified against any possible liability arising out of the taking of such action.

**Section 8.03 Tax-Exempt Status of Bond.**

The Issuer hereby covenants to abide by the agreements made by the Issuer in its No Arbitrage Certificate, the terms and provisions of which are herein incorporated by reference.

**Section 8.04 Continued Existence, etc.**

The Issuer agrees that it will do or cause to be done in a timely manner all things necessary to preserve and keep in full force and effect its existence so long as any amount of the Bond remains Outstanding and to carry out the terms of this Bond Agreement.

**ARTICLE IX  
ADDITIONAL COVENANTS OF THE BORROWER**

**Section 9.01 Bond Not to Become Taxable; Rebate Determinations.**

The Borrower hereby covenants to the Issuer and to the Owner that it will comply with the Tax Certificate for so long as any amount of the Bond remains Outstanding and that it will not take or omit to take any action over which it has control, which action or omission, as the case may be, would impair the exclusion from gross income for federal income tax purposes of the interest on the Bond. The terms and provisions of the Tax Certificate are hereby incorporated by reference. Without limiting the generality of the foregoing:

(a) The Borrower will not make or direct any investment or other use of the proceeds of the Bond (or the Loan) which would cause the Bond to be an “arbitrage bond” under Section 148 of the Code or any proposed, temporary, or final regulations issued thereunder; that it will comply with the requirements of such Section 148 and regulations throughout the term of the Bond, and the Borrower shall take or cause to be taken the following actions on behalf of the Issuer to provide for payment to the U.S. Treasury pursuant to Section 148(f) of the Code and any proposed, temporary or final regulations promulgated thereunder:

(i) Unless the Owner shall have received a "Notice to Owner of Exception to Excess Earnings Report Requirement" as described in the Tax Certificate, an agent employed by the Borrower (and acceptable to the Owner) shall make a determination, on [March \_\_, 2020] and each fifth anniversary of such date thereafter as long as the Bond is outstanding, and upon the final payment of the Bond, of the amount, if any, required to be paid to the United States Treasury, and the Borrower shall provide any such agent with information regarding the Bond and the application, disbursement, and investment of Bond Proceeds reasonably requested by such agent for purposes of making such determinations; provided that, no such determination shall be required on any anniversary after the fifth anniversary of the Original Issue Date if the Owner shall have received an opinion of Bond Counsel to the effect that no additional amount will be required to be paid to the United States Treasury on such dates pursuant to Section 148(f) of the Code.

(ii) An amount equal to the amount to be paid shall be paid by the Borrower to the U.S. Treasury on each date, and in the manner, required by Section 148(f) of the Code, or any successor provision, as indicated by an opinion of Bond Counsel.

(iii) The Borrower shall keep records of the determinations made under clause (a)(i) this Section 9.01 on behalf of the Issuer, until six years after the final payment on the Bond.

(b) One hundred percent (100%) of the sum of (i) the proceeds from the sale of the Bond plus (ii) the investment income from the investment thereof, if any, will be used to finance the Project, including costs of issuance.

(c) The Borrower shall not (i) use any of the proceeds of the Bond for any purpose other than financing the costs of the Project, or (ii) request, approve, or permit to be approved on its behalf any payment of the proceeds of the Bond if, as a result of such payment, the provisions of subsection (b) above would not be satisfied.

### **Section 9.02 Deficiencies in Revenues.**

If for any reason amounts paid by the Borrower hereunder would not be sufficient to make payments of principal of and interest on the Bond when and as the same shall become due and payable at maturity or otherwise, the Borrower will pay promptly the amounts required from time to time to make up any such deficiency without any further demand or notice from any party.

**Section 9.03 Books and Records; Financial Statements and Other Information.**

The Borrower covenants that it shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and financial affairs of the Borrower, in accordance with generally accepted accounting principles, consistently applied. The Issuer and the Owner and their duly authorized agents shall have the right at all reasonable times and upon reasonable written notice to the Borrower to examine and make copies of the books and records of the Borrower relating to the Project. The Borrower shall furnish to the Owner the following:

(a) as soon as possible, but in any event within ten days after any such occurrence, notice of the occurrence of any Event of Default or Taxable Event or of any act, omission, thing, or condition which upon the giving of notice or lapse of time, or both, would or might constitute an Event of Default or Taxable Event, which notice shall describe the Event of Default or Taxable Event or other act, omission, thing, or condition in question and shall set forth in detail what action the Borrower proposes to take with respect thereto; and

(b) upon request of the Owner and within a reasonable time thereafter, such other information concerning the Borrower, its operations, financial condition, business and the Project, as the Owner may request.

**Section 9.04 Inspection.**

The Borrower covenants that the Issuer and the Owner, at reasonable times and for purposes of determining compliance with this Bond Agreement, may inspect any part of the Project.

**Section 9.05 Additional Information.**

The Borrower, whenever requested by the Issuer or the Owner, will provide and certify or cause to be provided and certified such information as the Issuer or the Owner may reasonably request concerning the Borrower or the Project as the Issuer or the Owner considers necessary to enable it to make any reports or supply any information required by this Bond Agreement, law, or otherwise.

**Section 9.06 Payment of Taxes and Impositions.**

The Borrower shall pay or cause to be paid to the public officers charged with the collection thereof, promptly as the same become due, all taxes or alternative payments thereto, including but not limited to income, profits, or property taxes, if any, which may now or hereafter be imposed by the United States of America, any state or municipality, or any political subdivision or subdivisions thereof, and all assessments for public improvements or other assessments, levies, license fees, charges for publicly supplied water or sewer services, excises, franchises, imposts, and charges, general or special, ordinary or extraordinary (including interest, penalties, and all costs resulting from delayed payment of any of the foregoing), of whatever name, nature, and kind and whether or not now within the contemplation of the parties, hereto, which are now or may hereafter be levied, assessed, charged, or imposed or which are or may become a lien upon the revenues of the Borrower, the Project, or the use or occupation thereof or upon the Borrower or upon any

franchises, businesses, transactions, income, earnings, and receipts (gross, net or otherwise) of the Issuer in connection with this Bond Agreement for payment or collection of which the Issuer otherwise would be liable or accountable under any lawful authority whatever; provided, however, that the Borrower shall not be required to pay or discharge or cause to be paid or discharged any tax, assessment, lien, or other matter hereunder so long as the validity thereof is being contested by the Borrower in good faith and by appropriate legal proceedings diligently pursued and neither the Borrower's facilities nor any rent or income therefrom would be in any immediate danger of being sold, forfeited, attached, or lost. The Borrower will, upon request, provide the Issuer and the Owner with copies of any tax returns and receipts for payments of taxes.

#### **Section 9.07 Insurance.**

The Borrower shall maintain or cause to be maintained, with financially sound and reputable insurers, reasonably acceptable to the Owner, insurance with respect to its property and business, including, but not limited to, the Project, insuring against such casualties and contingencies, of such types (including public liability insurance) and in such amounts as are acceptable to Owner.

#### **Section 9.08 Further Assurances; Financing Statements.**

The Borrower shall perform or cause to be performed any such acts, and execute and cause to be executed any and all further instruments, as may be required by law or as shall reasonably be requested by the Owner for such protection of the interests of the Owner. The Borrower, if required by the Owner, will join with the Issuer and the Owner in executing such financing statements and other documents under the Uniform Commercial Code or other applicable law as the Issuer or Owner may specify and will pay the costs of filing the same in such public offices as the Issuer or Owner shall designate, in order to preserve the security interests granted under this Bond Agreement and the Financing Documents. The Borrower authorizes the filing by Purchaser of such Uniform Commercial Code financing statements as may be necessary or desirable to perfect the security interests created by the Collateral Documents.

#### **Section 9.09 Indemnification.**

The Borrower agrees to indemnify and hold harmless the Indemnified Parties from any loss, claim, damage, tax, penalty, expense (including reasonable counsel fees), or liability of any nature due to any and all suits, actions, legal or administrative proceedings, claims, or demands, of every kind, character, and nature asserted by or on behalf of any Person arising out of, resulting from, or in any way connected with: (a) the adoption of the Resolutions, the execution and delivery of this Bond Agreement, the performance and observance by the Indemnified Parties of their respective obligations under this Bond Agreement or any other Financing Document, (b) the condition, use, operation, maintenance, possession, conduct, management, planning, design, acquisition, construction, installation, financing, or sale of the Project, (c) any act, failure to act, or misrepresentation by Borrower or any person on behalf of Borrower in connection with the issuance, sale, and delivery of the Bond, or (d) any audit or investigation of the Bond by the Internal Revenue Service of the United States Department of the Treasury or the Securities and Exchange Commission. If any action shall be brought against any Indemnified Party in respect of which indemnity may be sought under the foregoing provisions of this Section 9.09 against the Borrower, the Indemnified Party shall promptly notify the Borrower in writing, and the Borrower shall assume the defense thereof including the employment of counsel and the payment of all expenses. In any

such action the Indemnified Party shall have the right to employ separate counsel, but the reasonable fees and expenses of such counsel shall be at the expense of the Indemnified Party unless (i) the Borrower's counsel is unable to represent such Indemnified Party due to a conflict of interest, (ii) the Indemnified Party believes in good faith that there are defenses available to it which are not available to the Borrower and cannot be effectively asserted by common counsel, (iii) the Borrower's counsel fails (by reason of delays, failure to assert defenses to which an Indemnified Party is entitled or otherwise) to adequately defend the action, or (iv) the Borrower and such Indemnified Party mutually agree to the employment of such counsel. The Borrower shall not be liable for any settlement of such action effected without its written consent, but if settled with the written consent of the Borrower or if there be a final judgment for the plaintiff in any such action, the Borrower agrees to indemnify and hold harmless such Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

The Borrower shall not be obligated to indemnify any Indemnified Party under the foregoing paragraph if a court of competent jurisdiction finds that the liability in question was caused by the willful misconduct or sole gross negligence of the Indemnified Party, unless the court determines that, despite the adjudication of liability but in view of all circumstances of the case, the Indemnified Party is fairly and reasonably entitled to indemnity for the expenses which the court considers proper.

The Borrower further agrees to indemnify the Indemnified Parties for, and hold the Indemnified Parties harmless from, any and all losses, claims, damages, or liabilities caused by any untrue or misleading statement or alleged untrue or misleading statement of a material fact contained in the information submitted to the Issuer or the Purchaser by the Borrower with respect to the Borrower, the Project, or the issuance and purchase of the Bond (the "Borrower Information") or caused by any omission or alleged omission of any material fact necessary to be stated in the Borrower Information in order to make such statements in the Borrower Information not misleading or incomplete.

The Borrower shall also indemnify the Indemnified Parties for, and hold the Indemnified Parties harmless from, all reasonable costs and expenses, including reasonable fees and expenses of counsel incurred in: (i) investigating any Event of Default or Taxable Event or any act, omission, thing, or condition which upon the giving of notice or lapse of time, or both, would or might constitute an Event of Default or Taxable Event, (ii) responding to any inquiries of the Internal Revenue Service or any other governmental body or authority with respect to the Bond, the Project, this Bond Agreement, or any other Financing Document, (iii) enforcing any obligation of the Borrower under the Promissory Note, this Bond Agreement, or any other Financing Document, (iv) taking any action requested by the Borrower, (v) taking any action required by this Bond Agreement or any related agreement, or (vi) taking any action considered necessary by the Indemnified Party and which is authorized by this Bond Agreement, any other Financing Document, or any related agreement.

The indemnifications provided in this Section 9.09 are in addition to any other indemnification provided by the Borrower to the Indemnified Parties.

Any provision herein or elsewhere to the contrary notwithstanding, this Section 9.09 shall survive the termination of this Bond Agreement, any transfer of the Bond, and any resignation or replacement of the Paying Agent.



**Section 9.10 Covenants in Financing Documents.**

The Borrower agrees that it shall comply with its covenants and agreements set forth in the Credit Agreement, as the same may be amended from time to time by the Borrower and the Purchaser in accordance with the terms of the Credit Agreement, and subject to any waiver in respect thereto given by the Purchaser. The obligations and agreements of the Borrower hereunder shall, to the extent possible, be construed in a manner that avoids any conflict with the provisions of the other Financing Documents; however, in the event of any inconsistency between the terms hereof and the terms of any other Financing Document, the Owner shall be entitled to exercise its rights and enforce the Borrower's obligations hereunder or thereunder as it deems to be in its best interests.

**Section 9.11 Nondiscrimination; Compliance with Wisconsin Statutes Section 66.1103(11)(b)1m.**

The Borrower agrees that all contracts and subcontracts for construction of the Project shall include a clause prohibiting discrimination in employment and subcontracting. The Project shall not be used for any purpose which includes any act of employment discrimination as specified under Section 111.322 of the Wisconsin Statutes.

**Section 9.12 Position Openings; Compliance with Section 66.1103(6m) of the Wisconsin Statutes.**

The Borrower shall comply with Section 66.1103(6m) of the Wisconsin Statutes relating to notification of position openings.

**Section 9.13 Job Shifting Requirements; Compliance with Section 66.1103(4s)(b) of the Wisconsin Statutes.**

The Borrower shall comply with the requirements of Section 66.1103(4s)(b) of the Wisconsin Statutes with respect to offers of employment at the Project site.

**Section 9.14 Job Protection Estimates; Reporting Compliance with Section 66.1103(4m)(b) of the Wisconsin Statutes.**

The Borrower shall submit to the Wisconsin Economic Development Corporation within 12 months after the Project is completed or 2 years after the Bond is issued, whichever is sooner, a report regarding the net number of jobs eliminated, created or maintained on the Project site and elsewhere in the State as a result of the Project, as required by Section 66.1103(4m)(b) of the Wisconsin Statutes.

**ARTICLE X**  
**EVENTS OF DEFAULT AND REMEDIES**

**Section 10.01 Events of Default.**

Each of the following shall be an “Event of Default” under this Bond Agreement:

(a) Failure to pay any of the principal of, or premium or interest on, the Bond when due, whether on the Final Maturity Date or a redemption date or Interest Payment Date; or

(b) Failure by the Borrower to pay any other amount due hereunder, and such failure continues for five Business Days; or

(c) Failure to perform or observe any other of the covenants, agreements or conditions on the part of the Issuer or the Borrower contained in this Bond Agreement or any other Financing Document; or

(d) The Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(e) An involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower under the Federal bankruptcy laws as now or hereafter in effect; or

(f) Any representation or warranty by or on behalf of the Borrower made herein or in any report, certificate, financial statement, or other instrument furnished in connection with the Financing Documents shall prove to be false or misleading in any material respect when made; or

(g) An “event of default” (as defined therein) shall occur under the Credit Agreement.

**Section 10.02 Acceleration.**

If any Event of Default under clause (d) or (e) of Section 10.01 occurs, then the principal of the Bond then Outstanding, together with interest accrued thereon, shall become due and payable

immediately without notice or demand. Upon the occurrence of any Event of Default under Section 10.01 other than an Event of Default under clause (d) or (e), the Owner may, by notice in writing delivered to the Issuer and the Borrower, declare the principal of the Bond and the interest accrued thereon immediately due and payable, and the same shall thereupon become and be immediately due and payable. Upon any acceleration of the Bond under this Section 10.02, all amounts payable under Section 5.03 hereof shall be immediately due and payable.

### **Section 10.03 Legal Proceedings by Owner.**

Upon the occurrence of any Event of Default under Section 10.01 hereof, the Owner may:

(a) by mandamus, or other suit, action, or proceeding at law or in equity, enforce all of its rights as Owner of the Bond and as assignee of the Pledged Revenues and other Assigned Interests, and require the Borrower to carry out any other agreements with or for the benefit of the Owner of the Bond;

(b) bring suit upon the Bond;

(c) by action or suit in law or equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owner of the Bond;

(d) take or cause to be taken any action available under applicable law as the beneficiary of the liens and security interests and other rights created under the Collateral Documents; and/or

(e) exercise any and all rights and remedies available to Owner under the Financing Documents or otherwise available at law or in equity.

No remedy conferred upon or reserved to the Owner is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Owner hereunder or now or hereafter existing at law, in equity, or by statute. Nothing herein contained shall affect or impair the right of action, which is absolute and unconditional, of the Owner of the Bond to institute suits to enforce payment thereof.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder shall extend to or shall affect any other existing or subsequent Event of Default or shall impair any rights or remedies consequent thereon.

### **Section 10.04 Application of Moneys.**

All moneys received by the Owner of the Bond upon the exercise of any remedies provided in Section 10.03 hereof shall be applied (subject to any provision of the Credit Agreement or the Collateral Documents providing for amounts collected by the Owner from or for the account of the Borrower to be applied for other purposes), first to the payment of all expenses of the Issuer and/or the Owner in connection with the exercise of such remedies (including reasonable attorneys' fees

and expenses), then to the payment of any other amounts owing pursuant to the Credit Agreement, then to the payment of interest due on the Bond, and then to the payment of principal of, and premium with respect to, the Bond then due and unpaid (together with interest on overdue installments of principal and, to the extent permitted by law, on any overdue interest, at the rate per annum specified herein for such overdue installments).

**Section 10.05 Termination of Proceedings.**

In case the Owner shall have proceeded to enforce any right under this Bond Agreement, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Owner, and the Borrower shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Owner shall continue as if no such proceedings had been taken.

**Section 10.06 Waivers of Events of Default; Rescission of Declaration of Maturity.**

The Owner may waive any Event of Default under this Bond Agreement and its consequences, or rescind any declaration of maturity of principal of the Bond upon written notice to the Borrower. In case of any such waiver or rescission, then and in every such case the Issuer, the Borrower, and the Owner shall be restored to their respective former positions and rights under this Bond Agreement, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. All waivers under this Bond Agreement shall be in writing, and a copy of each waiver affecting the Bond shall be delivered to the Issuer and the Borrower; however, the failure of the Owner to deliver a copy of any such waiver to the Issuer shall not subject the Owner to pecuniary liability.

**Section 10.07 No Waiver by Issuer.**

Any provision of this Bond Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Issuer retains the right to enforce any applicable federal or state law or regulation or ordinance of the Issuer and any rights accorded the Issuer thereby, and nothing in this Bond Agreement shall be construed as an express or implied waiver thereof.

**ARTICLE XI  
AMENDMENTS TO FINANCING DOCUMENTS**

**Section 11.01 Amendments to Bond Agreement.**

This Bond Agreement may be amended only by the written agreement of the Issuer, the Borrower, the Owner, and the Paying Agent; provided that, at the request and with the consent of the Borrower, the Owner may, in its discretion and without the consent or agreement of the Issuer or the Paying Agent, waive or amend Section 9.10 hereof or any covenant incorporated herein by reference pursuant thereto.

**Section 11.02 Amendments to Other Financing Documents.**

The other Financing Documents may be amended as provided therein.

**ARTICLE XII  
MISCELLANEOUS**

**Section 12.01 Limitation of Rights.**

Nothing expressed or mentioned in or to be implied from this Bond Agreement or the Bond is intended or shall be construed to give to any Person, other than the Issuer, the Borrower, the Purchaser, and the Owner (or any agent for Owner) of the Bond, any legal or equitable right, remedy, or claim under or in respect to this Bond Agreement or any covenants, conditions, and provisions herein contained; this Bond Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Borrower, the Purchaser, and the Owner of the Bond as herein provided.

**Section 12.02 Limitation on Assignment.**

The Issuer's assignment of its rights shall be limited as provided in Section 6.02 hereof. The Borrower may not assign its rights hereunder without the written consent of the Issuer, the Purchaser, and the Owner, except as provided in Section 7.01 hereof.

**Section 12.03 Severability.**

The provisions of this Bond Agreement are intended to be severable. If any provision of this Bond Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any Constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, or Sections in this Bond Agreement contained shall not affect the remaining portions of this Bond Agreement, or any part thereof.

**Section 12.04 Notices.**

All notices and directions to any party to this Bond Agreement pursuant hereto shall be in writing, and, except as otherwise provided, shall be deemed to be sufficiently given if hand delivered or sent by first-class mail, electronic mail, registered or certified mail, facsimile, or overnight delivery addressed as follows:

Borrower:

Pilot Court Partnership, LLP  
c/o Production Service Company, Inc.  
404 Pilot Court  
Waukesha, WI 53188  
Attention: Michael P. Ignatowski  
Phone: (262) 547-4900  
Fax: (262) 547-0673  
E-mail: [mpi@oberlinfilter.com](mailto:mpi@oberlinfilter.com)

Issuer:

City of Waukesha  
201 Delafield Street  
Waukesha, WI 53188  
Attention: Gina Kozlik, City Clerk  
Phone: (262) 524-3853  
Fax: (262) 524-3751  
E-mail: [gkozlik@ci.waukesha.wi.us](mailto:gkozlik@ci.waukesha.wi.us)

Purchaser and Paying Agent:

TCF National Bank  
500 West Brown Deer Road  
P.O. Box 170708  
Milwaukee, WI 53217-8061  
Attention: Mitchel D. Regenfuss  
Phone: (414) 351-8561  
Facsimile: (414) 351-8694  
Email: [mregenfu@tcfbank.com](mailto:mregenfu@tcfbank.com)

*After July 1, 2015:*

[1036 Juneau Avenue](#)  
[Milwaukee, WI 53206](#)

or to such other address as the addressee shall have indicated by prior notice to the one giving the notice or direction in question. Any notice required to be sent to the Owner of the Bond shall be sent to Purchaser or, if the Purchaser is no longer the Owner, then to the Owner at the address as shown on the registration books maintained by the Paying Agent with respect to the Bond pursuant to Section 3.06 hereof.

**Section 12.05 Acts of Owner of the Bond.**

Any action to be taken by the Owner of the Bond may be evidenced by a written instrument signed or executed by the Owner in person or by an agent appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgment before a

notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution. Any action by the Owner of the Bond shall bind any future Owner of the Bond.

#### **Section 12.06 Exculpation of the Issuer.**

In the exercise of the power of the Issuer and its officers, employees and agents hereunder, including (without limiting the foregoing) the application of moneys and any action taken by it upon the occurrence of an Event of Default by the Borrower, the Issuer or the officers, employees, or agents of the Issuer shall not be accountable to the Borrower, the Purchaser, or the Owner for any action taken or omitted by it or its officers, employees, or agents in good faith unless in express violation of the provisions of this Bond Agreement. The Issuer and its officers, employees, and agents shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel (who may also be counsel for the Borrower, the Purchaser, or the Owner) and may (but need not) require further evidence of any fact or matter before taking any action.

All covenants, stipulations, promises, agreements, and obligations of the Issuer contained in this Bond Agreement, the Bond, or any agreement, instrument, or certificate entered into or delivered by the Issuer in connection therewith shall be deemed to be the covenants, stipulations, promises, agreements, and obligations solely of the Issuer and not of any officer, employee, or agent of the Issuer in an individual capacity, and no recourse shall be had for the payment of the Bond or for any claim based thereon or under this Bond Agreement or any agreement, instrument, or certificate entered into by the Issuer in connection therewith against any officer, employee, or agent of the Issuer in an individual capacity.

#### **Section 12.07 Counterparts.**

This Bond Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

#### **Section 12.08 Termination.**

Upon the payment in full of the principal of and interest due on the Bond at maturity or the earlier payment of the redemption price of the Bond then Outstanding in whole, and the payment of, or provision for, all other amounts (including expense reimbursements and indemnity payments) due hereunder to the satisfaction of the Issuer, the Purchaser, and the Owner, this Bond Agreement and the parties' obligations hereunder shall terminate, except for the obligations of the Borrower pursuant to Sections 5.04, 9.01(a) and 9.09, which shall survive the termination of this Bond Agreement. Upon such termination, the Owner shall cause the Promissory Note to be cancelled and returned to the Borrower, and shall cancel and destroy the Bond.

#### **Section 12.09 Authorization of Bond Agreement; Agreement to Constitute Contract.**

This Bond Agreement is entered into pursuant to the Act and the Resolutions and the provisions of this Bond Agreement shall be deemed to be and shall constitute a contract among the Issuer, the Borrower, the Purchaser, the Paying Agent and the Owner from time to time of the Bond. This Bond Agreement constitutes a security agreement for purposes of the Uniform Commercial Code under which the Issuer is debtor and the Owner is secured party.

**Section 12.10 Governing Law.**

This Bond Agreement shall be governed by and construed in accordance with the laws of the State.

**ARTICLE XIII  
AGREEMENT TO PURCHASE BOND AND FUND BORROWER'S REQUISITIONS**

Subject to the conditions set forth in the Credit Agreement, the Purchaser agrees to purchase the Bond, and to fund Borrower's Requisitions as provided in Section 5.06 of this Bond Agreement; *provided, however*, that the Purchaser shall be required to fund a Borrower's Requisition only if no Event of Default is continuing hereunder and if the Borrower has submitted to the Purchaser for approval a Borrower's Requisition in the form set forth in Exhibit D attached hereto.

The Borrower hereby acknowledges and agrees that the approval required of the Purchaser to fund transfers of Bond Proceeds, as provided in Section 5.06 of this Bond Agreement and as provided in Exhibit D attached hereto, shall be solely within the Purchaser's discretion, provided that such approval shall not be unreasonably withheld.

[SIGNATURE PAGE TO FOLLOW]



IN WITNESS WHEREOF, the parties hereto have caused this Bond Agreement to be executed by their respective officers thereunto duly authorized all as of the date first above written.

**CITY OF WAUKESHA, WISCONSIN**

By: \_\_\_\_\_  
Shawn Reilly, Mayor

Attest: \_\_\_\_\_  
Gina Kozlik, City Clerk

**PILOT COURT PARTNERSHIP, LLP**

By: \_\_\_\_\_  
Thomas L. Oberlin, Managing Partner

**TCF NATIONAL BANK**

By: \_\_\_\_\_  
Mitchel D. Regenfuss, Vice President

**EXHIBIT A**

**FORM OF BOND**

United States of America  
State of Wisconsin  
City of Waukesha, Wisconsin

INDUSTRIAL DEVELOPMENT REVENUE BOND, SERIES 2015  
(PRODUCTION SERVICE COMPANY, INC. PROJECT)

No. R-1 Registered  
\$7,080,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
Described herein	[March 1, 2045]	[March __, 2015]	None

REGISTERED OWNER: TCF NATIONAL BANK, or its registered assigns

PRINCIPAL AMOUNT: SEVEN MILLION EIGHTY THOUSAND DOLLARS  
(\$7,080,000)

The CITY OF WAUKESHA, WISCONSIN (the “Issuer”), a municipal corporation and political subdivision of the State of Wisconsin, for value received, hereby promises to pay (but only from the revenues hereinafter described and not otherwise) to the Registered Owner, on the Maturity Date, subject to the redemption requirements set forth herein, without the need for the presentation or surrender hereof, the principal sum of SEVEN MILLION EIGHTY THOUSAND DOLLARS (\$7,080,000) and to pay (but only from said revenues) interest on said principal sum at the Interest Rate in effect from time to time, as hereinafter described. Payment of the principal of and interest on this Bond shall be in any coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

**GENERAL PROVISIONS**

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER. THE PRINCIPAL OF AND INTEREST AND REDEMPTION PREMIUM, IF ANY, ON THIS BOND ARE PAYABLE SOLELY OUT OF THE REVENUES TO BE DERIVED FROM THE BOND AGREEMENT (HEREINAFTER DEFINED) AND THE COLLATERAL SECURING THE SAME AS SET FORTH IN THE BOND AGREEMENT. THIS BOND AND THE INTEREST HEREON ARE NOT AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE OF WISCONSIN CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND ARE NOT A CHARGE AGAINST THE ISSUER’S GENERAL CREDIT OR TAXING POWERS OR A PECUNIARY LIABILITY OF THE ISSUER, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF.

This Bond is has been issued under and pursuant to the Constitution and laws of the State of Wisconsin, including particularly Section 66.1103 Wisconsin Statutes, as amended (the “Act”), and a Bond Agreement (the “Bond Agreement”) dated as of March 1, 2015 among the Issuer, Pilot Court Partnership, LLP, a Wisconsin limited liability partnership (the “Borrower”), TCF National Bank, as purchaser (the “Purchaser”) for the purpose of financing the (i) acquisition of land, (ii) construction of an approximately 96,000 square foot manufacturing facility to be located at 827 Silvernail Road in the City of Waukesha, Wisconsin (the "Facility") to be operated by Production Service Company, Inc., a Wisconsin corporation, doing business as Oberlin Filter Company, to manufacture industrial filtration equipment, (iii) acquisition and installation of equipment at the Facility and (iv) payment of certain professional costs and costs of issuance. The Issuer has pledged and assigned certain of its rights under the Bond Agreement, including its right to receive loan payments from the Borrower thereunder, to the Owner of this Bond to secure the Issuer’s obligations with respect to this Bond. As security for the payment by Borrower of its obligations under the Bond Agreement, Borrower has granted to Purchaser (or to Owner’s agent), as the initial Registered Owner of this Bond and the assignee of the Issuer’s rights under the Bond Agreement a lien and security interest in the collateral.

This Bond shall be issued in the form of a single bond of the denomination equal to the entire principal amount hereof.

Payments of principal of, and premium, if any, and interest on, this Bond shall be payable by the Purchaser, as paying agent (the "Paying Agent"), by automatic payment to the bank account designated by the Registered Owner or in such other manner as Borrower and the Registered Owner shall agree.

This Bond is transferable, in accordance with the provisions of the Bond Agreement, by the Registered Owner hereof or its duly authorized attorney at the principal office of the Paying Agent, upon surrender of this Bond, accompanied by a duly executed instrument of transfer, in the form attached hereto or such other form as may be satisfactory to the Paying Agent, and upon payment by the Registered Owner hereof of any taxes, fees, or other governmental charges incident to such transfer. Upon any such transfer, a new fully-registered Bond in the same aggregate principal amount will be issued to the transferee. The person in whose name this Bond is registered may be deemed the Registered Owner thereof by the Issuer and the Borrower, and no notice to the contrary shall be binding upon the Issuer or the Borrower.

## **INTEREST PROVISIONS**

1. Definitions. For purposes hereof, the following definitions shall apply.

“Credit Spread” means (a) initially, [2.65%] per annum for the Fixed Rate, (b) initially, [2.35%] per annum for the Floating Rate or (c) upon receipt by the Owner of an opinion of Bond Counsel that using such other credit spread will not adversely affect the status of the Bond as a “qualified tax-exempt obligation,” such other credit spread as determined by the Purchaser for a borrower similarly situated to the Borrower, based on the Purchaser’s then-current underwriting standards, and with credit committee oversight, including without limitation, factors such as the current credit profile and current and historical operating performance and duration of the Reset Period.

["Default Rate" means as of any date, the lesser of (1) 25% per annum or (2) the Floating Rate, Fixed Rate or Taxable Rate, as then applicable, plus 6% per annum].

"Fixed Rate" means, for any Reset Period, a rate per annum equal to [(Treasury Rate + Credit Spread) x Multiplier].

"Floating Rate" means a rate per annum equal to: [(LIBOR Rate + Credit Spread) x Multiplier].

"Interest Payment Date" means the first day of each month, commencing [\_\_\_\_\_ 1, 2015].

["LIBOR Rate" means the One Month U.S. Dollar London Inter-Bank Offered Rate Yield, as reported on Bloomberg's Historical Price Table, or other similar service, for the second London Business Day before the relevant Reset Date, adjusted by truncating such Inter-Bank Offered Rate to four digits after the decimal point (the "Index"). If such Inter-Bank Offered Rate is not available, Purchaser may select a comparable rate or index, at its discretion, as the Index].

"Multiplier" means, at the time of determination, the Purchaser's multiplier for tax-exempt obligations that are not "qualified tax-exempt obligations," which shall be the same multiplier for tax-exempt obligations which are not "qualified tax-exempt obligations" quoted to customers of the Purchaser for such obligations; initially, the Multiplier shall be 70%.

"Put Date" means the last day of each Reset Period.

"Reset Date" means each successive five (5) year anniversary following the initial Reset Date. The initial Reset Date shall be the date that is the earlier to occur of (a) [\_\_\_\_\_](18 months from the Original Issue Date) or the Completion Date of the Project or (b) the date the Borrower elects to convert to the Fixed Rate pursuant to 3.01(c)(ii) of the Bond Agreement

"Reset Period" means each period from (and including) a Reset Date to (but excluding) the next Reset Date or the Final Maturity Date, as the case may be.

"Taxable Rate" means, at any time, the interest rate that would otherwise be in effect if the Multiplier were equal to 100%.

"Treasury Rate" means, for any Reset Period, a rate per annum equal to the rate set forth for 5-year constant maturity U.S. Treasury obligations in Federal Reserve Statistical Release H.15 as most recently published two Business Days prior to the Reset Date (which rate is currently shown at [www.federalreserve.gov/releases/h15/update](http://www.federalreserve.gov/releases/h15/update)); provided, however, that if such rate is not available, then such rate shall be otherwise independently determined by the Purchaser from an alternate, substantially similar independent source or shall be calculated by a substantially similar methodology as that theretofore used to determine such rate.

2. Interest Rate. The unpaid principal amount of this Bond shall bear interest at a rate equal to:

(a) Initial Interest Rate – From the Original Issue Date to [\_\_\_\_\_, 20\_\_] (*18 months from the Original Issue Date*) or the Completion Date of the Project, whichever ever date is shorter, at the Floating Rate.

(b) Option to Convert to Fixed Rate – On any date prior to [\_\_\_\_\_, 20\_\_] (*18 months from the Original Issue Date*), the Borrower shall have the option to convert from the Floating Rate to the Fixed Rate. The Reset Period shall be a period of five (5) years from such conversion date through the day preceding the next Reset Date; provided, however, upon making such election, all remaining Bond Proceeds shall be drawn and deposited into the Project Fund.

(c) Interest Rate Resets - The interest rate on the Bond shall be reset on the Initial Reset Date and on each Reset Date thereafter, at the Fixed Rate or the Floating Rate in effect from time to time during such Reset Period, as selected by the Borrower or otherwise established pursuant to Section 3.01(d) of the Bond Agreement.

Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed.

Provided, however, that (a) upon a Taxable Event, the interest rate shall be adjusted, retroactively to the date on which the interest on the Bond became includable in gross income for federal income tax purposes, to a rate equal to the Taxable Rate, and (b) upon an Event of Default, the interest rate shall be adjusted to a rate equal to the Default Rate. This Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue interest, at the Default Rate.

3. Accrual of Interest. The annual interest rate for this Bond shall be computed by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Interest shall be payable in arrears on each Interest Payment Date, to the Registered Owner hereof determined as of the Business Day preceding such Interest Payment Date. Interest on this Bond shall accrue from the Original Issue Date, or from the most recent Interest Payment Date to which interest has been fully paid. Any amounts of additional interest due in respect of prior interest periods by reason of the retroactive application of the Taxable Rate shall be payable on the first Interest Payment Date occurring more than thirty days after a Taxable Event or, at the option of the Borrower, in a lump sum on any earlier date.

## **REDEMPTION PROVISIONS**

1. Redemption at Borrower's Option. The Bond shall be subject to optional redemption, at the written direction of the Borrower, only as provided in [Section \_\_\_\_\_] of the Credit Agreement.

2. Mandatory Redemption on Reset Date. The Bond shall be subject to redemption in whole on any Reset Date, unless Owner shall have notified the Borrower, at least 90 days prior to such Reset Date, that it is waiving such mandatory redemption. The redemption price for any such redemption shall be equal to 100% of the principal amount of the Bond, together with accrued interest to the date of redemption.

3. Notice of Redemption. The Borrower shall provide the Registered Owner with notice of any redemption at the option of the Borrower by first-class mail, at least 30 days (or such shorter period as the Registered Owner shall approve, in its sole discretion) before such redemption date to the Registered Owner at the registered address of the Registered Owner appearing on the registration books maintained pursuant to Section 3.06 of the Bond Agreement as of the close of business on the Business Day prior to such mailing. Notice of redemption having been so given, the Bond or portion thereof so called for redemption shall be due and payable on the redemption date and, if the redemption price is duly paid, interest thereon shall cease to accrue from and after such redemption date.

### **MISCELLANEOUS PROVISIONS**

Reference is made to the Bond Agreement for a description of the provisions with respect to the nature and extent of the security for this Bond, and the rights, duties, obligations, and immunities of the Issuer, the Borrower, and the Registered Owner of this Bond, and the definitions of capitalized terms used in this Bond and not otherwise defined.

The Bond Agreement permits the amendment thereof and the modifications of the rights and obligations of the Issuer and the rights of the Registered Owner of the Bond upon the terms set forth therein. Any consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Bond and of any Bond issued upon the transfer of this Bond whether or not notation of such consent or waiver is made hereon. The Bond Agreement also contains provisions permitting the Registered Owner of the Bond to waive certain past defaults under the Bond Agreement and their consequences.

This Bond is issued under and pursuant to, and in full compliance with the Constitution and laws of the State of Wisconsin, including particularly the Act, which shall govern its construction, and by appropriate action duly taken by the Common Council of the Issuer which authorizes the execution and delivery of the Bond Agreement and this Bond.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and procedures required to exist, happen, and be performed precedent to and in the execution and delivery of the Bond Agreement and issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by law, that the issuance of this Bond has been duly authorized by the Issuer and does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor, and the manual impression or facsimile of its corporate seal, to be affixed hereto, and attested by the manual or facsimile signature of its City Clerk.

**CITY OF WAUKESHA, WISCONSIN**

By: \_\_\_\_\_  
Shawn Reilly, Mayor

[SEAL]

Attest: \_\_\_\_\_  
Gina Kozlik, City Clerk

**EXHIBIT B**

**FORM OF PROMISSORY NOTE**

THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE BOND AGREEMENT IDENTIFIED BELOW.

**PROMISSORY NOTE**

\$7,080,000

[March \_\_\_\_, 2015]

FOR VALUE RECEIVED, the undersigned PILOT COURT PARTNERSHIP, LLP, a Wisconsin limited liability partnership, (the "Borrower," which term shall be construed to include the successors and permitted assigns of the Borrower), promises to pay to the order of the CITY OF WAUKESHA, WISCONSIN, a municipal corporation and political subdivision of the State of Wisconsin (the "Issuer"), the principal sum of SEVEN MILLION EIGHTY THOUSAND DOLLARS (\$7,080,000), or so much as may have been requisitioned under that certain Bond Agreement dated as of March 1, 2015 (the "Bond Agreement") by and among the Issuer, the Borrower, and TCF National Bank, which Bond Agreement secures the Bond referenced above, payable in the same installments of principal and interest, due on the same dates and at the same interest rates and premiums, as are set forth for the Bond in the Bond Agreement.

This Promissory Note constitutes the Promissory Note issued under the Bond Agreement, which Bond Agreement is hereby incorporated herein by this reference. Reference is hereby made to the Bond Agreement for a statement of the terms and conditions on which the Loan evidenced hereby was made, for a description of the circumstances under which there shall be credits allowed against the installments of principal and interest on this Promissory Note, and for a description of the terms and conditions upon which this Promissory Note may be prepaid or its maturity accelerated.

The principal of and interest on this Promissory Note are payable in immediately available funds at the office of TCF National Bank, Milwaukee, Wisconsin, or at the office of its successor as Paying Agent.

**PILOT COURT PARTNERSHIP, LLP**

By: \_\_\_\_\_  
Thomas L. Oberlin, Managing Partner



FOR VALUE RECEIVED, the undersigned City of Waukesha, Wisconsin hereby assigns, without recourse, all its right, title and interest in and to the above Promissory Note to TCF National Bank, or its successor or successors as Owner under the Bond Agreement referred to in such Promissory Note, to secure its \$7,080,000 Industrial Development Revenue Bond, Series 2015 (Production Service Company, Inc. Project) issued pursuant to such Bond Agreement.

Dated: [March \_\_\_\_, 2015]

**CITY OF WAUKESHA, WISCONSIN**

By: \_\_\_\_\_  
Shawn Reilly, Mayor

[SEAL]

Attest: \_\_\_\_\_  
Gina Kozlik, City Clerk

**EXHIBIT C**

**DESCRIPTION OF PROJECT AND APPLICATION OF PROCEEDS**

**DESCRIPTION OF PROJECT**

The Project consists of the (i) acquisition of land, (ii) construction of an approximately 96,000 square foot manufacturing facility to be located at 827 Silvernail Road in the City of Waukesha, Wisconsin (the "Facility") to be operated by Production Service Company, Inc., a Wisconsin corporation, doing business as Oberlin Filter Company, to manufacture industrial filtration equipment, (iii) acquisition and installation of equipment at the Facility and (iv) payment of certain professional costs and costs of issuance.

**APPLICATION OF PROCEEDS OF BOND**

The proceeds of the Bond, together with investment earnings, will be applied as follows:

	<u>Costs Paid From Bond Proceeds</u>
Land	
Building	
Equipment	
Costs of Issuance	
<b>TOTAL</b>	<b>\$7,080,000</b>

**EXHIBIT D**

**FORM OF BORROWER'S REQUISITION**

Borrower's Requisition No. \_\_\_\_\_

TCF National Bank, as Paying Agent  
P.O. Box 170708  
Milwaukee, WI 53217-8061

Re: \$7,080,000 City of Waukesha, Wisconsin  
Industrial Development Revenue Bond, Series 2015  
(Production Service Company, Inc. Project)

This Borrower's Requisition is delivered to you pursuant to Section 5.06 of the Bond Agreement dated as of March 1, 2015 (the "Bond Agreement") by and among the City of Waukesha, Wisconsin (the "Issuer"), Pilot Court Partnership, LLP, a Wisconsin limited liability partnership (the "Borrower"), TCF National Bank, as purchaser (the "Purchaser"). Reference is made to the Project Fund created in Section 4.01(c) of the Bond Agreement. Any capitalized terms not defined herein shall have the same meaning as in the Bond Agreement.

The Borrower hereby requisitions an aggregate amount of \$\_\_\_\_\_ from the Project Fund. The Paying Agent is directed to disburse such amount.

In support of the Borrower's Requisition, the undersigned hereby certifies as follows:

1. The amounts for which payment is being requisitioned:
  - (a) Have been incurred by the Borrower and paid (or are presently due and owing) for the specific purposes to the specific suppliers (copies of invoices, lien waivers, and certificate from project inspector, are submitted herewith) and in the specific component amounts listed in Schedule A attached hereto;
  - (b) Have been incurred by the Borrower for land or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code of 1986, as amended (the "Code"), except as otherwise indicated in Schedule A attached hereto;
  - (c) Were incurred by the Borrower after June 6, 2014;
  - (d) Are chargeable to the capital account of the Project or would be so chargeable either with a proper election of the Borrower or but for a proper election by the Borrower to deduct such amounts; and
  - (e) Will not result in less than 95% of the Bond Proceeds being used for the acquisition or improvement of land, or acquisition, construction, reconstruction or improvement of property of

a character subject to the allowance for depreciation under Section 167 of the Code as required by and within the meaning of Section 144(a) of the Code and the regulations under that Section.

2. The amounts, if any, requisitioned for payment of issuance expenses:

(a) Have been incurred by the Borrower and paid (or are presently due and owing) for the specific purposes to the specific persons and in the amounts listed in Schedule B attached hereto; and

(b) Have been or will be capitalized by the Borrower for federal income tax purposes.

3. The estimated completion date of the Project now is \_\_\_\_\_.

The Borrower is not in default under the Bond Agreement, except as follows (if no default exists, so state):

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4. Nothing has occurred to the knowledge of the undersigned which will prevent the performance by the Borrower of its obligations under the Bond Agreement, except as follows (if none, so state):

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5. The Borrower certifies either (check appropriate paragraph):

(a) That each item of cost included in this requisition was included in the list of Project Costs as stated in a Borrower's certificate dated the Original Issue Date, upon which the determination of the weighted average reasonably expected economic life of the Project was made; or

(b) That the reasonably expected economic life to the Borrower of the property for which payment is being requested, determined as of the later of the date on which the Bond was issued or the date on which that property was or is expected to be placed in service, will not cause the average maturity of the Bond to exceed 120% of the weighted average reasonably expected economic life of the property, taking into account the substituted or additional property, to be financed or refinanced, directly or indirectly, with the Bond Proceeds, determined in accordance with Section 147(b) of the Code.

6. No Borrower's Requisition has previously been submitted in respect of the costs which form a basis for this Borrower's Requisition.

7. All disbursement procedures required by the Purchaser have been completed.

8. You are hereby requested to pay the amount requisitioned in the following manner:

(a) To the Borrower by check; or

(b) To the Borrower by deposit in its general account (No. \_\_\_\_\_)  
maintained at \_\_\_\_\_; or

(c) Other: \_\_\_\_\_

Executed by the undersigned on \_\_\_\_\_

**PILOT COURT PARTNERSHIP, LLP**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Approved and funded by the transfer of \$ \_\_\_\_\_ and paid as set forth  
in the above Borrower's Requisition, as provided in Section 4.01(c) of the Bond Agreement, by the  
undersigned on \_\_\_\_\_.

**TCF NATIONAL BANK**

By: \_\_\_\_\_

Its Authorized Representative