

NOTICE TO BONDHOLDERS

July 31, 2009

The City of Menasha, Wisconsin (the "City"), is providing this notice to the holders of the obligations described in Exhibit A attached hereto (the "Holders"), issued to finance construction and equipping of the City's Steam Utility (the "Steam Utility").

Informal Bondholders' Committee

The City has been informed that an informal bondholders' committee (the "Bondholders' Committee") has been formed consisting of representatives of the three largest identified holders of the City's \$12,660,000 Taxable Steam Utility Revenue Bond Anticipation Notes and its \$11,500,000 Taxable Steam Utility Revenue Bond Anticipation Notes. The City had no role in the formation of this committee.

A meeting was held on July 16, 2009, with representatives of the Bondholders' Committee and representatives of the City. The City has been advised that holders who would like to receive further information regarding the Bondholders' Committee may contact James Dugan, Cavanaugh Capital Management at (410) 769-6124 or jmdugan@cavcap.com.

Bondholder Registration

All Holders are requested to certify their holdings, including issue, principal amount and CUSIP, together with current contact information, to Thomas R. Stoffel, Finance Director for the City (contact information below).

List of Holders

The City has compiled a list of contact information for those Holders of whom it is aware. Any Holder who would like to receive a copy of such list should contact Thomas R. Stoffel, Finance Director for the City (contact information below).

Disputes with Steam Customers

Menasha Utilities ("MU") is a municipal public utility owned by the City and managed and operated for the City by the Menasha Utilities Commission (the "Utilities Commission"). The Steam Utility is under the charge and management of the Utilities Commission. The Material Event Notices filed by the City on February 19, 2009, and March 27, 2009, provided information regarding disputes with certain customers of the Steam Utility. This notice serves to update Holders on recent events involving those customers.

MU previously had a long-term contract for steam sale with George A. Whiting Paper Company ("Whiting"), dated October 20, 2004, as amended, which in 2008 accounted for approximately 4.5% of the steam sale revenues of the Steam Utility. On September 26, 2008, Whiting filed a formal arbitration claim against the City alleging that MU overcharged Whiting

for 2008 steam sales by approximately \$47,000, which claim subsequently was increased to over \$90,000. An arbitration hearing was held on December 30, 2008, and the arbitrator issued a decision on March 16, 2009. Pursuant to a Release and Settlement Agreement (the "Settlement") dated as of June 29, 2009, between the City, MU and Whiting, MU will provide Whiting with a credit in the amount of \$142,000 against current and future steam charges. After all charges are paid by such crediting, MU will pay any of the remaining amount to Whiting. In addition, under the Settlement, Whiting is no longer a steam customer, effective June 30, 2009.

MU currently has a long-term contract for steam sales with Sonoco-U.S. Mills ("Sonoco") dated October 22, 2004, as amended (the "Sonoco Contract"), which, in 2008, accounted for approximately 91% of steam sale revenues of the Steam Utility. On April 27, 2009, Sonoco notified MU of its intention to pursue arbitration alleging that MU overcharged Sonoco (1) by approximately \$2,200,000 for 2008 steam sales and (2) by approximately \$100,000 per month for 2009 steam sales. Arbitration on these matters is currently underway.

Pursuant to the Sonoco Contract, Sonoco may notify MU of Sonoco's ability to generate its own steam at an estimated cost less than the Sonoco Contract cost, in which case MU must either provide steam at such estimated cost or terminate the Sonoco Contract. On July 1, 2009, Sonoco notified MU that it believed that it can self-supply at a lower cost than it currently is paying MU for steam. MU requested that Sonoco provide further information regarding Sonoco's self supply cost estimate. In a subsequent letter dated July 29, 2009, Sonoco withdrew its self-generation request but expressly reserved its right to re-issue the request at a later date.

Environmental Compliance Issues

The Material Event Notice filed by the City on February 19, 2009, provided background on environmental compliance issues related to the Steam Utility. In an effort to resolve these issues, MU has filed an air permit application at the request of the Wisconsin Department of Natural Resources ("WDNR") proposing to install and operate Best Available Control Technology ("BACT") to limit the emission of certain air pollutants from the facility. MU has obtained preliminary estimates from engineers indicating that the capital cost of implementing BACT may be substantial, with additional operation and maintenance costs to be incurred on an ongoing basis. At the present time, it is impossible to determine the likely final cost of BACT. In addition to the possible implementation of BACT, MU is exploring other options to address the alleged violations of the Clean Air Act ("CAA"), including possible conversion of the facility to alternative fuels. MU has commissioned studies to evaluate the practicality and economic viability of utilizing biofuels at the facility.

The United States Environmental Protection Agency ("EPA") has also served MU with a Notice of Violation and Finding of Violation dated June 24, 2009, alleging that certain technical upgrades performed on the Steam Utility facility were undertaken without proper air permits or authorizations. MU disputes these allegations. A meeting was held in Chicago with EPA officials on July 16, 2009, to discuss the allegations and the steps that may be taken to address them.

On February 6, 2009, the Sierra Club filed a civil action against the City and MU under the CAA relating to air emissions from the Steam Utility facility boilers. MU and the City have met with Sierra Club representatives on several occasions in an attempt to resolve these claims. MU continues to discuss potential settlement of the Sierra Club allegations, as well as those raised by the EPA and WDNR.

Contact and Disclaimers

Holders with questions about this Notice should direct them in writing via mail, electronic or facsimile transmission to:

Mr. Thomas R. Stoffel
Finance Director
City of Menasha
140 Main Street
Menasha, WI 54952-3190
Fax: (920) 967-5271
Email: tstoffel@ci.menasha.wi.us

Please be advised that the City may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of information to all Holders. Holders should not rely on the City as their sole source of information. The City makes no recommendations and gives no investment advice herein or as to the City's obligations generally.

EXHIBIT A

City of Menasha, Wisconsin - Steam Utility Purposes

General Obligation Debt

\$13,930,000 Taxable G.O.
Prom. Notes - 8/22/2007

<u>Year Due</u>	<u>CUSIP</u>	<u>Principal (9/01)</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009			\$ 390,040	\$ 390,040
2010	586464A90	<u>\$13,930,000</u>	<u>780,080</u>	<u>14,710,080</u>
		<u>\$13,930,000</u>	<u>\$1,170,120</u>	<u>\$15,100,120</u>

Debt Issued Under Section 67.12(1)(b) Wisconsin Statutes

Steam Utility
\$2,675,000 Taxable
NAN - 12/01/06

<u>Year Due</u>	<u>CUSIP</u>	<u>Principal (9/01)</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009			\$ 69,550	\$ 69,550
2010			139,100	139,100
2011	586499AC9	<u>\$2,675,000</u>	<u>139,100</u>	<u>2,814,100</u>
		<u>\$2,675,000</u>	<u>\$347,750</u>	<u>\$3,022,750</u>

Revenue Debt

Revenue Bond Anticipation Notes

<u>Year Due</u>	<u>CUSIP</u>	<u>Revenue Bond Anticipation Notes - 02/01/05</u>		<u>CUSIP</u>	<u>Revenue Bond Anticipation Notes - 12/01/06</u>		<u>Total Debt Service</u>
		<u>Principal (9/01)</u>	<u>Interest</u>		<u>Principal (9/01)</u>	<u>Interest</u>	
		\$12,660,000			\$11,500,000		
		Taxable Steam Utility Revenue Bond			Taxable Steam Utility Revenue Bond		
		Anticipation Notes - 02/01/05			Anticipation Notes - 12/01/06		
2009	586499AA3	<u>\$12,660,000</u>	<u>\$275,355</u>	586499AB1	<u>\$11,500,000</u>	<u>\$327,750</u>	<u>\$24,763,105</u>
		<u>\$12,660,000</u>	<u>\$275,355</u>		<u>\$11,500,000</u>	<u>\$327,750</u>	<u>\$24,763,105</u>