

## Redevelopment Authority of the City of Milwaukee

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**Resolution No.:**

**Adopted on:** August 19, 2010

**Project / Area:** Bonds

**Aldermanic District:** 4th

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**Resolution Authorizing the Sale and Issuance of up to \$2,653,000 Redevelopment Revenue Bond, Series 2010 (Community Advocates Project), the Approval and Execution of Related Documents, and Other Details**

Whereas, the Redevelopment Authority of the City of Milwaukee (the “Authority”) is a redevelopment authority organized by the City of Milwaukee, Wisconsin (the “City”), under Section 66.1333 of the Wisconsin Statutes (hereinafter sometimes referred to as the “Redevelopment Act”), and is authorized:

- a. to assist private acquisition, improvement and development of blighted property;
- and
- b. to enter into contracts with redevelopers of property; and
  - c. to issue bonds or other indebtedness to finance its activities; and

Whereas, in its resolution adopted on the date hereof, the Authority declared a certain parcel (the “Project Property”) to be blighted property in need of urban renewal within the meaning of the Redevelopment Act; and

Whereas, the Authority desires redevelopment of the Project Property; and

Whereas, Community Advocates, Inc. (the “Developer”) has represented to the Authority that it would be an encouragement and inducement for the Developer to proceed with redevelopment of the Project Property, including acquiring, renovating and improving the existing vacant building located at 728 North James Lovell Street for use primarily as administrative offices and related uses (the “Project”), if the Project could be financed with revenue bonds; and

Whereas, by resolution adopted October 15, 2009 as amended by the Amendment to Resolution dated January 21, 2010 (together, the “Initial Resolution”), the Authority gave conditional approval to the issuance of revenue bonds on behalf of the Developer to finance the Project; and

Whereas, to aid in the development and renewal of the Project Property, the Authority will enter into a Financing and Bond Purchase Agreement (the “Agreement”), dated as of August 1, 2010 among the Authority, the Borrower and Town Bank, a Wisconsin banking corporation (the “Purchaser”), pursuant to which:

- a. the Authority will agree to issue, pursuant to the Redevelopment Act, in principal amount not to exceed \$2,653,000, the Redevelopment Authority of the City of Milwaukee, Wisconsin Revenue Bond, Series 2010 (Community Advocates Project) (the “Bond”); and

b. the Authority will agree to sell and the Purchaser will agree to purchase the Bond, pursuant to the terms and conditions negotiated by the Developer and set forth in the Agreement; and

c. the Authority will agree to lend the proceeds of the Bond to the Developer to provide funding for the costs of various improvements to the Project Property (the "Project Costs"); and

Whereas, the Bond will be payable solely from all revenues and income derived by or for the account of the Authority from or for the account of the Developer pursuant to the terms of the Agreement and the Bond (the "Pledged Revenues"); and

Whereas, the Agreement is in furtherance of the public purpose of fostering urban renewal in conformity with the Redevelopment Act; and

Whereas, the Authority deems it to be necessary, desirable and in its interest to authorize and issue the Bond; now, therefore be it

Resolved that:

1. Additional Findings and Determinations. It has been found and determined and is hereby declared:

(a) That the Project constitutes a "redevelopment project" within the meaning of the Redevelopment Act;

(b) That the estimated aggregate cost of funding the Project Costs will not be less than \$2,653,000 (the "Bond Amount");

(c) That the payments required to be made by the Developer under the Agreement and the Bond are sufficient in amount to pay when due the principal of, premium, if any, and interest on the Bond;

(d) That all conditions set forth in the Initial Resolution have been satisfactorily met or will be satisfactorily met on or prior to the date of issuance of the Bond; and

(e) that the Purchaser is qualified to act as agent of the Authority in determining the interest rate on the Bond as described in paragraph 3 of this Resolution.

2. Execution and Delivery of the Agreement. The Authority shall borrow, but only in the manner herein recited, a sum not to exceed the Bond Amount for the purpose of (i) financing the Project Costs, (ii) paying the costs of issuing and selling the Bond, and (iii) paying such other costs related thereto as are permitted to be paid with bond proceeds under the Redevelopment Act. Said borrowing shall be accomplished through the sale of the Bond issued pursuant to the Redevelopment Act and the Agreement. The Authority shall lend a sum of up to the Bond Amount to the Borrower from time to time pursuant to the Agreement. The terms and provisions of the Agreement and the Tax Agreement referred to in paragraph 12 of this Resolution are hereby approved. The Chairperson and the Executive Director or Assistant Executive Director are hereby authorized for and in the name of the Authority to execute and deliver the Agreement and the Tax Agreement in the forms thereof presented herewith, or with such insertions therein or corrections thereto as shall be approved by them consistent with this resolution and

the terms of the Redevelopment Act, their execution thereof to constitute conclusive evidence of their approval of any such insertions and corrections.

3. Designation, Denomination, Tenor, and Maturity of Bonds Created for Issuance. The Bond shall be issued under the Agreement, in the principal amount of up to the Bond Amount and shall be designated:

REDEVELOPMENT AUTHORITY OF THE  
CITY OF MILWAUKEE, WISCONSIN  
REVENUE BOND, SERIES 2010  
(COMMUNITY ADVOCATES PROJECT)

The Bond shall mature on August 1, 2035.

The Bond shall be issuable only in the form of a fully registered Bond in any denomination. The Bond shall be exchangeable as provided in the Agreement.

The Bond shall specify, as its original issue date, the date of execution of the Agreement (which shall be the same as the date of its authentication).

During the Initial Period, unless the interest rate is converted to the Fixed Rate as described in the Agreement, the principal amount of the Bond advanced and not yet paid shall bear interest at the Variable Rate. Interest on the Bond shall be due and payable on each Interest Payment Date.

During each Subsequent Period, the Bond shall bear interest at either the Variable Rate or the Fixed Rate, as described in the Agreement.

Notwithstanding the foregoing, from and after the occurrence of a Taxable Event (as defined in the Agreement), the principal amount of the Bond advanced and not yet paid shall bear interest (from the date as of which interest on the Bond shall have become includable in the gross income of the Owner for federal income tax purposes) at the Taxable Rate and, provided further, that the interest rate on the Bond shall never exceed 20% per annum.

Interest on the Bond shall be calculated on the basis of actual number of days elapsed and a 360-day year.

The principal of the Bond shall be paid in monthly principal installments from January 1, 2011 through August 1, 2035 in such principal amounts as shall allow for level principal and interest payments on the Bond, taking into account the interest rate borne thereby as provided above.

As used herein:

“Five-Year LIBOR Swap Rate” means the 5-year “interest rate swaps” rate, as published in the Federal Reserve Statistical Release H.15 two business days before the applicable Fixed Rate Conversion Date.

“Fixed Rate” means a rate per annum equal to 70% of the sum of (a) the applicable Fixed Rate LIBOR Swap Rate and (b) 4.40% per annum, rounded to the nearest one hundredth of one percent.

“Fixed Rate Conversion Date” means the date on which the Bond begins to bear interest at the Fixed Rate, which date shall be established as provided in the Agreement, including a Tender Date for which the Borrower has delivered a notice stating that the Fixed Rate shall apply, as provided in the Agreement.

“Fixed Rate LIBOR Swap Rate” is determined based on the Fixed Rate Conversion Date as follows:

on any Fixed Rate Conversion Date in the Initial Period:

<u>Fixed Rate Conversion Date:</u>	<u>Fixed Rate LIBOR Swap Rate:</u>
occurring on or before August 1, 2011	Five-year LIBOR Swap Rate
occurring after August 1, 2011 and on or before August 1, 2012	Four-year LIBOR Swap Rate
occurring after August 1, 2012 and on or before August 1, 2013	Three-year LIBOR Swap Rate
occurring after August 1, 2013 and on or before August 1, 2014	Two-year LIBOR Swap Rate
occurring after August 1, 2014 and before August 1, 2015	One-year LIBOR Swap Rate

and on any Fixed Rate Conversion Date during a Subsequent Period:

<u>Fixed Rate Conversion Date:</u>	<u>Fixed Rate LIBOR Swap Rate:</u>
occurring on the applicable Tender Date or on or before the one-year anniversary of the applicable Tender Date	Five-year LIBOR Swap Rate
Occurring after the one-year anniversary but on or before the two-year anniversary of the applicable Tender Date	Four-year LIBOR Swap Rate
occurring after the two-year anniversary but on or before three-year anniversary of the applicable Tender Date	Three-year LIBOR Swap Rate
occurring after the three-year anniversary but on or before the four-year anniversary of the applicable Tender Date	Two-year LIBOR Swap Rate
occurring after the four-year anniversary of the applicable Tender Date but before the next succeeding Tender Date	One-year LIBOR Swap Rate

“Four-Year LIBOR Swap Rate” means the 4-year “interest rate swaps” rate, as published in the Federal Reserve Statistical Release H.15 two business days before the applicable Fixed Rate Conversion Date.

“Initial Period” means the period starting on the date of execution of the Agreement and ending on July 31, 2015.

“Interest Payment Date” means the first Business Day of each month, commencing October 2010, and the Maturity Date of the Bond.

“Interest Rate Period”, while the Bond bears interest at the Variable Rate, means each period commencing on the first day of a month and ending on the last day of such month.

“LIBOR Business Day” means any day, other than a Saturday or Sunday, on which banks are open for general banking business in New York, New York and London, England.

“LIBOR Determination Date” means, for each Interest Rate Period, the date that is one LIBOR Business Days prior to the commencement of such Interest Rate Period.

“One-Month LIBOR” means, for each Interest Rate Period, the offered rate, as of approximately 11:00 a.m., London time on the related LIBOR Determination Date, for United States dollar deposits of not less than \$1,000,000 having a maturity of one month, determined from the “British Bankers Association Interest Settlement Rates”, as reported by Reuters News Service (“Reuters”); provided that if on any LIBOR Determination Date, Reuters is not available or does not report such rate, “One-Month LIBOR” shall be determined by the Owner of the Bond from an alternate, substantially similar independent source or service available to the Owner of the Bond.

“One-Year LIBOR Swap Rate” means the 1-year “interest rate swaps” rate, as published in the Federal Reserve Statistical Release H.15 two business days before the applicable Fixed Rate Conversion Date.

“Subsequent Period” means the period from each Tender Date to, but not including, the next succeeding Tender Date.

“Taxable Rate” means a rate per annum equal to the rate that would otherwise prevail multiplied by 1.43.

“Tender Date” means August 1, 2015 and each five-year anniversary thereof while the Bond is Outstanding.

“Three-Year LIBOR Swap Rate” means the 3-year “interest rate swaps” rate, as published in the Federal Reserve Statistical Release H.15 two business days before the applicable Fixed Rate Conversion Date.

“Two-Year LIBOR Swap Rate” means the 2-year “interest rate swaps” rate, as published in the Federal Reserve Statistical Release H.15 two business days before the applicable Fixed Rate Conversion Date.

“Variable Rate” means a rate per annum equal, for each Interest Rate Period, to 70% of the sum of (a) One-Month LIBOR for such Interest Rate Period plus (b) 3.50% per annum, rounded to the nearest one hundredth of one percent.

4. Execution and Authentication of Bonds. The Bond shall be executed on behalf of the Authority with the facsimile or manual signature of its Chairperson, countersigned with the facsimile or manual signature of its Executive Director or Assistant Executive Director, and shall have impressed, imprinted, or otherwise reproduced thereon an official seal, if any, of the Authority or a facsimile thereof. No Bond shall be issued unless first authenticated by the Borrower, to be evidenced by the manual signature of an authorized signatory of the Borrower on the Bond.

5. Designation of Bond Registrar. The Authority hereby designates and appoints the Developer to perform the functions of the Bond Registrar under the Agreement.

6. Bond as Limited Obligation. The Bond shall be a limited obligation of the Authority and shall never be or be considered a general obligation of the Authority or the City or an indebtedness of the Authority or the City within the meaning of any State constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit or the City's taxing powers.

7. Source of Payment; Pledge of Revenues. The Bond shall be payable by the Authority solely from Pledged Revenues.

8. Redemption of Bond Prior to Maturity; Tender Provisions. The Bond shall be subject to mandatory and optional redemption as provided in the Agreement. The Owner of the Bond has the option of putting the Bond for purchase by the Borrower or some other purchaser selected by the Borrower on each Tender Date, as described in the Agreement.

9. Sale of Bonds. The Developer has negotiated for the sale of the Bond and advances of the principal of the Bond from time to time to the Purchaser, as provided in the Agreement at a purchase price of equal to 100% of the principal amount of the Bond advanced and sold. Given the purposes of the financing and the involvement of the Authority therewith, it is the determination of the Authority that the Bond shall be hereby awarded to the Purchaser at the price aforesaid with delivery to follow in the manner, at the time and subject to the conditions set forth in the Agreement.

10. General Authorizations. The Chairperson and the Executive Director or Assistant Executive Director and the appropriate deputies and officials of the Authority in accordance with their assigned responsibilities are hereby each authorized to execute, deliver, publish, file, and record such other documents, instruments, notices, and records (including without limitation the Internal Revenue Service form 8038) and to take such other actions as shall be necessary or desirable to accomplish the purposes of this Resolution and to comply with and perform the obligations of the Authority under the Bond and the Agreement.

In the event that said officers shall be unable by reason of death, disability, absence, or vacancy of office to perform in timely fashion any of the duties specified herein (such as the execution of Bond, the Agreement or the Tax Agreement) such duties shall be performed by the officer or official succeeding to such duties in accordance with law and the rules of the Authority.

11. Publication of Notice. Notice of the sale of the Bond, in the form attached hereto as Exhibit A, shall be published forthwith in the official newspaper of the Authority as a class 1 notice under Chapter 985 of the Wisconsin Statutes. The Executive Director shall obtain proof, in affidavit form, of such publication, and compare the Notice as printed with the form attached hereto as Exhibit A to ascertain that no mistake has been made therein.

12. Tax Law Covenants. As more fully set forth in the Tax Compliance Agreement to be executed and delivered by the Authority regarding the Bond (the “Tax Agreement”), the Authority hereby covenants that it will comply with all requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes.

13. Authority Fee. Issuance of the Bond is expressly conditioned on the Authority being paid, upon issuance, a fee equal to 0.75% percent of the principal amount of the Bond issued, less any application fee previously paid to the Authority.

14. Effective Date; Conformity. This Resolution shall be effective immediately upon its passage and approval. To the extent that any prior resolutions of this body are inconsistent with the provisions hereof, this resolution shall control and such prior resolutions shall be deemed amended to such extent as may be necessary to bring them in conformity with this Resolution.

EXHIBIT A

NOTICE TO THE ELECTORS OF THE  
CITY OF MILWAUKEE, WISCONSIN  
RELATING TO BOND SALE

On August 19, 2010, a resolution was offered, read, approved, and adopted whereby the Redevelopment Authority of the City of Milwaukee, Wisconsin (the "Authority"), entered into a contract to sell an issue of a revenue bond under Section 66.1333 of the Wisconsin Statutes, as amended, in the face amount of up to \$2,653,000. It is anticipated that the closing of the bond sale will be held on or about August 31, 2010. A copy of all proceedings had to date with respect to the authorization and sale of said bond is on file and may be examined in the office of the Executive Director of the Authority, 809 North Broadway, 2nd Floor, Milwaukee, Wisconsin 53202.

This notice is given pursuant to Section 893.77, Wisconsin Statutes, which provides that an action or proceeding to contest the validity of such financing, for other than constitutional reasons, must be commenced within 30 days after the date of publication of this notice.

Publication Date: August \_\_\_\_, 2010

/s/ David P. Misky  
Assistant Executive Director



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**CERTIFICATION**

I certify that the forgoing is a true and exact copy of a resolution adopted by the Redevelopment Authority of the City of Milwaukee, WI on the date set forth above.

(seal)

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David P. Misky  
Assistant Executive Director – Secretary

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