

RESOLUTION NO. 17005

RESOLUTION DESIGNATING OFFICIALS
AUTHORIZED TO DECLARE OFFICIAL INTENT UNDER
REIMBURSEMENT BOND REGULATIONS

WHEREAS, the Department of the Treasury has issued final regulations (Treas. Reg. Section 1.150-2) (the "Reimbursement Bond Regulations") that, for the purpose of determining whether interest on certain obligations of a state or local government is excluded from gross income for federal income tax purposes, permit the use of the proceeds of tax-exempt obligations to reimburse capital expenditures made prior to the date such obligations are issued only if the state or local government, within 60 days of the date of expenditure, declares its official intent to reimburse the expenditure with proceeds of a borrowing;

WHEREAS, the Reimbursement Bond Regulations apply to tax-exempt obligations issued after July 1, 1993, except that such Reimbursement Bond Regulations do not apply to preliminary expenditures (such as architectural, engineering, surveying, soil testing and other similar costs but not including land acquisition, site preparation and similar costs incident to the commencement of construction) so long as such preliminary expenditures are less than 20% of the issue price of the obligations issued for such property, project or program;

WHEREAS, the Reimbursement Bond Regulations require that if a current expenditure is to be permanently financed by a later issue of tax-exempt obligations a state or local government must declare its intention to reimburse itself for the expenditure from proceeds of a borrowing within 60 days from when the expenditure is made (the "Declaration of Official Intent");

WHEREAS, the Reimbursement Bond Regulations permit a state or local government to designate an official or employee to make a Declaration of Official Intent on its behalf;

WHEREAS, the Village Board (the "Governing Body") of the Village of Suamico, Brown County, Wisconsin (the "Issuer") deems it to be necessary, desirable and in the best interest of the Issuer to authorize an official (or officials) or employee (or employees) of the Issuer to make a Declaration of Official Intent on its behalf when the Issuer reasonably expects to reimburse itself from the proceeds of a borrowing for certain expenditures for a specific property, project or program which

it pays from other funds prior to the receipt of the proceeds of the borrowing with respect to such expenditures, the nature of these expenditures being one of the following: a capital expenditure, a cost of issuance for a bond, an expenditure relating to certain extraordinary working capital items, a grant, a qualified student loan, a qualified mortgage loan, or a qualified veterans' mortgage loan;

WHEREAS, the Governing Body hereby finds and determines that designating an official (or officials) or employee (or employees) with the authority to make a Declaration of Official Intent will facilitate compliance with the Reimbursement Bond Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Issuer, pursuant to Treas. Reg. Section 1.150-2(e)(1), that:

Section 1. Authorization to Declare Official Intent. The following officials or employees of the Issuer are hereby authorized and designated to make a Declaration of Official Intent pursuant to the above-referenced Reimbursement Bond Regulations:

Village President

Village Administrator

Director of Administrative Services

Section 2. Form of Declaration. Any such Declaration of Official Intent shall be made in substantially the form attached hereto.

Section 3. Public Availability. Any Declaration of Official Intent shall be maintained in the files of the Issuer and shall be made available for public inspection in compliance with applicable State law governing the availability of records of official acts of the Governing Body including Subchapter II of Chapter 19 of the Wisconsin Statutes (the "Public Records Law").

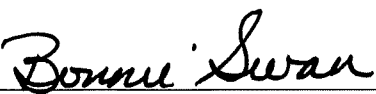
Section 4. Further Authorizations. The officials or employees authorized and designated above are each hereby further authorized to take such other actions as may be necessary or desirable to comply or evidence compliance with the Reimbursement Bond Regulations.

Section 5. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

Adopted, recorded and approved this 6th day of February, 2017.



Laura Nelson, Village President

Attest: 

Bonnie Swan, Clerk

Vote: Aye	<u>6</u>
Nay	<u>1</u>
Abstain	_____
Absent	_____

DECLARATION OF OFFICIAL INTENT

This is a Declaration of Official Intent of the Village of Suamico, Brown County, Wisconsin (the "Issuer") to reimburse a expenditures with proceeds of a borrowing or borrowings authorized by the Issuer. This Declaration is made under and pursuant to Treas. Reg. Section 1.150-2. The undersigned has been designated as an official or employee authorized by the Issuer to make this Declaration of Official Intent pursuant to a Resolution adopted on February 6, 2017. This Declaration of Official Intent is a public record maintained in the files of the Issuer and is available for public inspection pursuant to Subchapter II of Chapter 19 of the Wisconsin Statutes.

The undersigned hereby declares that it is the reasonable expectation of the Issuer to use proceeds of a borrowing or borrowings to be incurred by the Issuer to reimburse expenditures for the property, project or program or from the fund(s)/account(s) described below:

1. Project* description: Chambers Hill Residential Economic Development Project** costs to include, but not limited to, property, acquisition, utilities, infrastructure, design, contracted services, miscellaneous equipment purchases, and other preliminary expenditures.

The maximum principal amount of the borrowing or borrowings to be incurred to reimburse expenditures for the above-described purposes is reasonably expected, on the date hereof, not to exceed \$3,000,000.00.


The Issuer intends to reimburse itself from borrowed funds within eighteen (18) months, (3 years if the Issuer is a "small issuer") after the later of (a) the date the expenditure is paid or (b) the date the facility is placed in service, but in no event more than 3 years after the expenditure is paid.

No money from sources other than the anticipated borrowing or borrowings is, or is reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Issuer with respect to the expenditure, pursuant to the budgetary and financial circumstances of the Issuer as of the date of this Declaration.

Dated this February 6, 2017.

* Each of the expenditures described must be one of the following: a capital expenditure (i.e. any cost which is properly chargeable to a capital account or would be so chargeable with a proper election), a cost of issuance for a bond, an expenditure relating to certain extraordinary working capital items, a grant, a qualified student loan, a qualified mortgage loan, or a qualified veterans' mortgage loan.

** Formerly known as Chambers Hill Bond and Borrow
Bond & Borrow is an economic development tool designed to help lower the cost of borrowing to a developer. A municipality issues bonds and lends a portion of the proceeds to the developer at a lower rate of interest than can be obtained through a traditional bank loan. Debt payments are made by the Municipality and the Developer repays the Municipality according to the terms of a Developer's Agreement.



Laura Nelson, Village President

ATTEST:



Steve Kubacki, Village Administrator

Declaration of Official Intent – February 6, 2017
Addendum

Development Agreement – Chambers Hill LLC and Village of Suamico
Residential Economic Development Bond (AKA Bond & Borrow Concept)

Key Provisions

- Village of Suamico Bonds & Borrows to construct Infrastructure that allows development to occur
- As the Developer Develops his Project, the Developer Reimburses the Village of Suamico for All Costs (Development, construction and related costs.)
- Village Bids and Installs Infrastructure
- Personal Guaranties are Required of the Developer in addition to the placement of liens on the development to protect the Village of Suamico's Financial Investment and Interests
- This Concept has been used Successfully by a large Number of Brown County Municipalities
- Attorney Paul Umentum Drafted this Document after consultation with Village Staff and Review of other successful Agreements drafted by other Municipalities.

Points to Consider

1. No Residential Sewered Subdivision has been approved in the Village of Suamico since 2007.
2. Residential subdivisions have provided the tax base and growth necessary to successfully fund the operation of the Village of Suamico.
3. These rooftops are critical and crucial to any further Commercial Development in the Village of Suamico and even more important to existing businesses.
4. It is expected that without a stimulation package such as the Residential Economic Development Bond that the Village of Suamico will run out of residential sewer lots in late 2017 or early 2018.
5. Banks and other Lending Agencies have changed their practices significantly and it is extremely difficult to acquire funding to develop Subdivisions.
6. This Residential Economic Development Bond concept is very similar to the TIF Commercial Development concept that has been used successfully in the Village of Suamico and many other Municipalities in the State of Wisconsin.
7. These Residential Sewered Subdivisions will have a positive effect on water and sewer rates in utility services areas.
8. A growing municipal tax base is viewed positively by the Bonding Agencies when addressing any future borrowing by the Village (i.e. Fire Station #1). Stagnant growth is viewed very negatively.