



City of West Allis

Legislation Text

File #: R-2008-0193, **Version:** 1

Initial Resolution Regarding Industrial Development Revenue Bond Financing For Cleveland Gear Company, Inc.

WHEREAS, Section 66.1103 of the Wisconsin Statutes (the “Act”) authorized the City of West Allis, Wisconsin (the “Issuer”), to authorize the issuance and sale of bonds by the Issuer to construct, equip, re-equip, acquire by gift, lease or purchase, install, reconstruct, rebuild, rehabilitate, improve, supplement, replace, maintain, repair, enlarge, extend or remodel industrial projects; and

WHEREAS, Cleveland Gear Company, Inc., a Delaware corporation (the “Borrower”), desires to complete a project consisting of (i) the purchase and renovation of an approximately 74,000 square-foot manufacturing facility located at 404 South 116th Street, in the City of West Allis, Wisconsin (the “Facility”) and (ii) the acquisition and installation of equipment at the Facility (collectively with the purchase and renovation of the Facility, the “Project”) to be owned by the Borrower and operated as a contract metal machining facility, all of which would contribute to the well-being of the City of West Allis, Wisconsin; and

WHEREAS, the cost of the Project is currently estimated to be greater than \$14,000,000, and the amount proposed to be financed with one or more series of tax-exempt and/or taxable industrial development revenue bonds does not exceed \$10,000,000; and

WHEREAS, the Borrower has requested that the Issuer now approve an initial resolution (the “Initial Resolution”) providing for the financing of the Project in an amount not to exceed \$10,000,000; and

WHEREAS, the Issuer is a municipality organized and existing under and pursuant to the laws of the State of Wisconsin, and is authorized to enter into revenue agreements with eligible participants with respect to the Project whereby eligible participants agree to cause said Project to be constructed and to pay the Issuer an amount of funds sufficient to provide for the prompt payment when due of the principal and interest on said industrial development revenue bonds.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of West Allis, Wisconsin, as follows:

1. Based upon representations of the Borrower, it is the finding and determination of the Common Council that the Project is a qualified “project” within the meaning of the Act and that the Borrower is an “eligible participant” within the meaning of the Act. The Issuer shall:
 - (a) Finance the Project in an amount not to exceed \$10,000,000; and
 - (b) Issue industrial development revenue bonds in one or more series of tax-exempt and/or taxable bonds (the “Bond(s)”), in an amount not to exceed \$10,000,000 in order to finance costs of the Project.

2. The aforesaid plan of financing contemplates, and is conditioned upon, the following:
 - (a) The Bonds shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation;
 - (b) The Bonds shall not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers;
 - (c) The Project shall be subject to property taxation in the same amount and to the same extent as though the Project were not financed with industrial development revenue bonds;
 - (d) The Borrower shall find a purchaser for all of the Bonds; and
 - (e) The City's out-of-pocket costs, including but not limited to legal fees and Trustee's fees, in connection with the issuance and sale of the Bonds shall be paid by the Borrower.
3. The aforesaid plan of financing shall not be legally binding upon the Issuer nor be finally implemented unless and until:
 - (a) The details and mechanics of the same are authorized and approved by a further resolution of the Common Council which shall be solely within the discretion of the Common Council;
 - (b) The City Clerk shall cause notice of adoption of this Initial Resolution, in the form attached hereto as Exhibit A, to be published once in a newspaper of general circulation in the City of West Allis, and the electors of the City of West Allis shall have been given the opportunity to petition for a referendum on the matter of the aforesaid Bond issue, all as required by law;
 - (c) Either no such petition shall be timely filed or such petition shall have been filed and said referendum shall have approved the Bond issue;
 - (d) The City Clerk shall have received an employment impact estimate issued under Section 560.034 of the Wisconsin Statutes;
 - (e) All documents required to consummate the financing have been duly authorized and delivered; and
 - (f) The Issuer and the Borrower have resolved all land use and special use issues with respect to the affected property and the Project.
4. Pursuant to the Act, all requirements that the Project be subject to the contracting requirements contained in Section 66.1103 are waived, the Borrower having represented that it is able to negotiate satisfactory arrangements for completing the Project and that the Issuer's interests are not prejudiced thereby.
5. The City Clerk is directed, following adoption of this Initial Resolution (i) to publish notice of such adoption not less than one time in the official newspaper of the City of West Allis, Wisconsin, such notice to be substantially the form attached hereto as Exhibit A and (ii) to file a copy of this Initial Resolution, together with a statement indicating the date the Notice to

Electors was published, with the Secretary of Business Development of the State of Wisconsin within twenty (20) days following the date of publication of such notice.

Cc: Development
Finance

DEV-R-521-9-2-08