CITY OF STOUGHTON, 207 S FORREST ST, STOUGHTON, WISCONSIN

RESOLUTION OF THE COMMON COUNCIL		
Initial Resolution Regarding Industrial Development Revenue Bond Financing for FloClaire Group LLC Project		
Committee Action:	Finance Committee recommended approval ____ on 01/09/2024 **TIME SENSITIVE ITEM**	
Fiscal Impact:	All costs paid for by FloClaire Group, LLC	
File Number:	R-xxx-2024	**Date:** 01/09/24

INITIAL RESOLUTION REGARDING INDUSTRIAL DEVELOPMENT REVENUE BOND FINANCING FOR FLOCLAIRE GROUP LLC PROJECT

WHEREAS, Section 66.1103 of the Wisconsin Statutes (the "Act") authorizes the City of Stoughton, 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, FloClaire Group LLC, a Wisconsin limited liability company, and/or a related entity, and/or a limited liability entity to be formed (collectively, the "Borrower"), desires to complete a project to be owned by the Borrower consisting of financing the (i) acquisition of land located at 521 Glacier Moraine Drive in the City of Stoughton, Wisconsin (the "Project Site"), (ii) construction of an approximately 31,516 square foot facility (the "Facility") to be located at the Project Site and operated by the Borrower to manufacture hair and skincare products, (iii) acquisition and installation of equipment at the Facility, and (iv) payment of certain professional costs and costs of issuance (collectively, the "Project"), all of which would contribute to the well-being of the City of Stoughton, Wisconsin; and

WHEREAS, the cost of the Project is presently estimated to be $5,000,000, and the amount proposed to be financed with one or more issues or series of tax-exempt and/or taxable industrial development revenue bonds (the "Bonds") issued under the Act does not exceed $5,000,000; and

WHEREAS, it is the public interest of the Issuer to promote, attract, stimulate, rehabilitate and revitalize commerce, industry and manufacturing, to promote the betterment of the economy of the Issuer; 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 $5,000,000; 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 Stoughton, 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 $5,000,000; 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 $5,000,000 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;

(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; and

(f) A notice of public hearing required by federal law for purposes of Section 147(f) of the Internal Revenue Code, as amended, shall be published in a newspaper of general circulation in the City of Stoughton and a public hearing shall be held to provide interested individuals or parties the opportunity to testify as to the Project and the issuance of the Bonds.

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 Stoughton, and the electors of the City of Stoughton 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 238.11 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 Stoughton, Wisconsin, such notice to be in 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 Wisconsin Economic Development Corporation within twenty (20) days following the date of publication of such notice.

6. This Initial Resolution is an "initial resolution" within the meaning of the Act and official action toward issuance of the Bonds for purposes of Sections 103 and 144 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Furthermore, it is the reasonable expectation of the Issuer that proceeds of the Bonds may be used to reimburse expenditures made on the Project prior to the issuance of the Bonds. The maximum principal amount of debt expected to be issued for the Project on the date hereof is $5,000,000. This statement of official intent is made pursuant to Treasury Regulations §1.150-2.

Passed and adopted at a regular meeting of the Common Council of the City of Stoughton, Wisconsin this 9th day of January, 2024.

APPROVED:

_____
Tim Swadley, Mayor

ATTEST:

_____
Candee J. Christen, City Clerk

.

Council Action: ☐ **Adopted** ☐ **Failed** **Vote** _____

Mayoral Action: ☐ **Accept** ☐ **Veto**

_____
Mayor Tim Swadley Date

Council Action: _____ ☐ **Override** **Vote** _____

EXHIBIT A

NOTICE TO ELECTORS OF THE CITY OF STOUGHTON, WISCONSIN

TAKE NOTICE that the Common Council of the City of Stoughton, Wisconsin (the "Issuer"), at a regular meeting held at City Hall, 207 South Forrest Street, Stoughton, Wisconsin, on January 9, 2024, adopted an Initial Resolution pursuant to Section 66.1103 of the Wisconsin Statutes, as amended, expressing the intention to issue not to exceed $5,000,000 of industrial development revenue bonds of the Issuer (the "Bonds") on behalf of FloClaire Group LLC, a Wisconsin limited liability company, and/or a related entity, and/or a limited liability entity to be formed (collectively, the "Borrower"). The Borrower desires to complete a project consisting of financing the (i) acquisition of land located at 521 Glacier Moraine Drive in the City of Stoughton, Wisconsin (the "Project Site"), (ii) construction of an approximately 31,516 square foot facility (the "Facility") to be located at the Project Site and operated by the Borrower to manufacture hair and skincare products, (iii) acquisition and installation of equipment at the Facility, and (iv) payment of certain professional costs and costs of issuance (collectively, the "Project"). The Borrower has represented that the net number of full-time equivalent jobs which the Project is expected to create on the Project site within three years is 20.

Pursuant to the terms of Section 66.1103 of the Wisconsin Statutes, 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.

THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, NOR SHALL THE BONDS GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER, NOR SHALL THE BONDS BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER. RATHER, THE BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND OTHER AMOUNTS TO BE DERIVED PURSUANT TO THE REVENUE AGREEMENT RELATING TO SAID PROJECT TO BE ENTERED INTO BETWEEN THE ISSUER AND THE BORROWER.

The Initial Resolution may be inspected in the office of the City Clerk at 207 South Forrest Street, Stoughton, Wisconsin, during business hours.

TAKE FURTHER NOTICE THAT THE ELECTORS OF THE CITY OF STOUGHTON MAY PETITION FOR A REFERENDUM ON THE QUESTION OF THE BOND ISSUE. Unless within thirty (30) days from the date of the publication of this Notice a petition signed by not less than five percent (5%) of the registered electors of the City of Stoughton is filed with the City Clerk requesting a referendum on the question of the issuance of the Bonds, the Issuer will issue the Bonds without submitting the proposition for the electors' approval. If such petition is filed as aforesaid, then the Bonds shall not be issued until approved by a majority of the electors of the City of Stoughton voting thereon at a general or special election.

Candee J. Christen, City Clerk
City of Stoughton, Wisconsin

CERTIFICATION BY CITY CLERK

I, Candee J. Christen, duly sworn, hereby certify that I am the duly qualified and acting City Clerk of the City of Stoughton, Wisconsin (the "City"), and as such I have in my possession, or have access to, the complete corporate records of the City and of its Common Council; that I have carefully compared the transcript attached hereto with the aforesaid records; and that said transcript attached hereto is a true, correct and complete copy of all the records in relation to the adoption of Resolution No. _____ entitled: INITIAL RESOLUTION REGARDING INDUSTRIAL DEVELOPMENT REVENUE BOND FINANCING FOR FLOCLAIRE GROUP LLC PROJECT.

I hereby further certify as follows:

1. Said Initial Resolution was considered for adoption by the Common Council at a meeting held at City Hall, 207 South Forrest Street, Stoughton, Wisconsin, at ____ p.m. on January 9, 2024. Said meeting was a regular meeting of the Common Council and was held in open session.

2. Said Initial Resolution was on the agenda for said meeting and public notice thereof was given not less than twenty-four (24) hours prior to the commencement of said meeting in compliance with Section 19.84 of the Wisconsin Statutes, including, without limitation, by posting on the bulletin board in the City Hall, by notice to those news media who have filed a written request for notice of meetings, and by notice to the official newspaper of the City.

3. Said meeting was called to order by _____, who chaired the meeting. Upon roll, I noted and recorded that the following alderpersons were present:

_____ _____

_____ _____

_____ _____

_____ _____

and that the following alderpersons were absent:

_____ _____

_____ _____

I noted and recorded that a quorum was present. Various matters and business were taken up during the course of the meeting without intervention of any closed session. One of the matters taken up was said Initial Resolution, which was introduced, and its adoption was moved by _____ and seconded by _____. Following discussion and after all alderpersons who desired to do so had expressed their views for or against said Initial Resolution, the question was called, and upon roll being called and the continued presence of a quorum being noted, the recorded vote was as follows:

AYE:

_____ _____

_____ _____

_____ _____

_____ _____

NAY:

_____ _____

_____ _____

ABSTAINED:

_____ _____

_____ _____

Whereupon the meeting chairperson declared said Initial Resolution adopted, and I so recorded it.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the City hereto on this 9th day of January, 2024.

[SEAL]

_____
Candee J. Christen, City Clerk

Dave Ehlinger

From: Henning, Elizabeth S. <Elizabeth.Henning@quarles.com> on behalf of Keating, Bridgette <Bridgette.Keating@quarles.com>
Sent: Wednesday, January 3, 2024 11:52 AM
To: Dave Ehlinger
Cc: MDregne@Staffordlaw.com; RManthe@Staffordlaw.com; Keating, Bridgette; Cameron, Thomas D.
Subject: City of Stoughton – Initial Resolution regarding FloClaire Group LLC

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good morning,

At your request and in our role as special counsel to the City, we have reviewed the Initial Resolution prepared by Husch Blackwell, the Borrower's counsel. The Common Council is being asked by FloClaire Group LLC (the "Borrower") to approve the Initial Resolution, which expresses the City's intent to issue industrial development revenue bonds. Specifically, the Initial Resolution contemplates that the County would issue not to exceed $5,000,000 industrial development revenue bonds to finance the Borrower's construction of a manufacturing facility in the City. The Borrower would have the obligation to pay all debt service on the bonds, and the City will have no obligation to pay debt service.

This Initial Resolution, if approved, would express the City's intent to issue bonds, and would cause the parties to proceed with negotiation of the details and mechanics of the financing-related agreements necessary to the financing.

The Common Council is not approving the issuance of the bonds at this time. The Initial Resolution is expressly conditioned upon the negotiation of those financing-related agreements to the satisfaction of the City, and final approval of those agreements by the Common Council, by means of a Final Resolution, at a future meeting. The Initial Resolution is also conditioned upon the resolution of all land use issues with respect to the project.

The Initial Resolution is in customary format for an industrial revenue bond financing and we have no suggested changes. If you have any comments, questions, or suggested changes, please let us know and we would be happy to convey those to Borrower's counsel. Of potential interest, the Initial Resolution expressly states that the bonds will never constitute an indebtedness of the City or a charge against its credit or taxing powers, and that all the City's costs in connection with the issuance of the bonds will be paid by the Borrower.

In summary, the Initial Resolution is in an appropriate format for consideration by the Common Council, if the Common Council determines, as a business and policy matter, to proceed with participation in the financing transaction.

We will separately send an engagement letter to the City to lay out our role. We will also send a letter to the Borrower with an estimate of our fees, since we expect the Borrower to pay those fees.

Please don't hesitate to contact us if you have any further questions or would like to discuss.

Thanks,

Quarles

Elizabeth S. Henning | Legal Assistant
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$5,000,000
City of Stoughton, Wisconsin
Industrial Development Revenue Bonds, Series 2024
(FloClaire Group LLC Project)

DISTRIBUTION LIST

ISSUER

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CERTIFICATE OF FLOCLAIRE GROUP LLC

FloClaire Group LLC, a Wisconsin limited liability company (the "Borrower), has requested that the Common Council of the City of Stoughton, Wisconsin (the "Issuer") consider an "Initial Resolution Industrial Development Revenue Bond Financing for FloClaire Group LLC Project" (the "Initial Resolution") on January 9, 2024, for the purpose of financing a project to be owned by the Borrower consisting of the (i) acquisition of land located at 521 Glacier Moraine Drive in the City of Stoughton, Wisconsin (the "Project Site"), (ii) construction of an approximately 31,516 square foot facility (the "Facility") to be located at the Project Site and operated by the Borrower to manufacture hair and skincare products, (iii) acquisition and installation of equipment at the Facility, and (iv) payment of certain professional costs and costs of issuance (collectively, the "Project"). This certificate is delivered in connection with the Borrower's request for the Issuer to issue conduit industrial development revenue bonds pursuant to Section 66.1103 of the Wisconsin Statutes on behalf of the Borrower to finance the Project.

The undersigned hereby certifies, represents, and warrants to the Issuer as follows:

1. The undersigned is the CEO of the Borrower, and as such is familiar with the Borrower's affairs, properties and records, and in particular, with the Project and the conduit bond financing request to which this certificate relates.

2. The Borrower represents that it is able to negotiate satisfactory arrangements for completing the Project and that the Issuer's interests are not prejudiced thereby.

Dated: _____.

FLOCLAIRE GROUP LLC

By: _____
Richard Muma Sr., CEO

Summary
Request for City of Stoughton, Wisconsin to Serve as Conduit Issuer
for
Not to Exceed $5,000,000 Industrial Development Revenue Bonds
to Benefit FloClaire Group LLC Project

This will summarize the request of FloClaire Group LLC, a Wisconsin limited liability company, and/or a related entity, and/or a limited liability entity to be formed (collectively, the "Company"), asking that the City of Stoughton, Wisconsin (the "City") consider an Initial Resolution to benefit the Company through the conduit issuance of industrial development revenue bonds ("IRBs") to finance a project located in the City consisting of the (i) acquisition of land located at 521 Glacier Moraine Drive in the City of Stoughton, Wisconsin (the "Project Site"), (ii) construction of an approximately 31,516 square foot facility (the "Facility") to be located at the Project Site and operated by the Borrower to manufacture hair and skincare products, (iii) acquisition and installation of equipment at the Facility, and (iv) payment of certain professional costs and costs of issuance (collectively, the "Project"). Small issue manufacturing IRBs must comply with both Federal (Sec. 144 of Internal Revenue Code) and State (66.1103 Wis. Stats.) laws. In an IRB transaction, a state or local governmental entity issues bonds and loans the proceeds from the sale of the bonds to a private entity for an authorized project. In Wisconsin, counties, cities, villages, and towns, as well as duly constituted redevelopment authorities and community development authorities may issue IRBs.

Prior to the Tax Act of 1986, the Tax Code permitted the issuance of tax-exempt IRBs for many types of projects including manufacturing, commercial, and wholesale and distribution facilities, among others. Section 144 of the Tax Code only permits the issuance of qualified small issues for manufacturing facilities. A "manufacturing facility" means any facility used in the manufacturing or production of tangible personal property (including processing resulting in a change in the condition of such property). A manufacturing facility includes facilities, which are directly related to and ancillary to a manufacturing facility, if such facilities are located on the same site as the manufacturing facility, and not more than 25% of the net proceeds of the issue are used to provide such facilities.

These IRBs are municipal bonds; however, they are <u>not</u> general obligations of the City. If the City agrees to issue bonds to benefit the proposed Project:

1. The City will <u>not</u> be liable for payment of the principal and interest on the bonds;

2. The City will <u>not</u> have ongoing responsibilities of monitoring or reporting with regard to the bonds or the Project.

3. The bonds <u>do not count</u> against the City's borrowing capacity. The City will not levy a tax for payment of the bonds.

4. The City will be reimbursed for all fees and costs incurred because of the IRB.

The City acts strictly as a conduit, which enables the Company to borrow at a lower rate of interest.

Because the bonds are issued by a governmental entity, the holder of the bond may exclude the interest on the bonds from gross income for federal tax purposes.

Inducement/Reimbursement

Companies considering IRB financing must obtain an Initial Resolution, also sometimes referred to as an "inducement resolution" or "qualified reimbursement resolution" from the municipality in which the Project being financed is located in order to preserve the option to use IRBs. The Initial Resolution is preliminary approval only and is non-binding as to the City or the Company but is required by Federal tax law and State law. If the Initial Resolution is adopted by the City, this will assure that when and if bonds are issued, all eligible project costs incurred no more than 60 days prior to the date of the Initial Resolution (including reimbursement of equity contributions or refunding of conventional financing), may be included in the ultimate IRB financing. Failure to have a qualified resolution may result in disqualifying certain costs.

By acting as the conduit issuer, the City can grant the Company a significant monetary benefit, at no cost to the City, because the Company will enjoy a lower interest rate as a result of using a bond structure. A lending institution will directly purchase the bonds. The lender for the bonds will look solely to the Company for repayment. Bondholders will not look to the City for payment. The City will assign all of its rights, liability and responsibilities under the bonds to the lender as the bondholder. The Company will be fully responsible for repaying the loan and must make the arrangements with the lender for the payment on the bonds. If the Company is not able to meet its payment obligations, the lender will realize on its collateral and enforce its rights against the Company. The City is not liable for payment.

The foregoing is just a brief discussion of tax-exempt financing. By issuing the bonds, the City will give the Company an interest rate benefit, because the tax-exempt bonds will be tax-exempt in the hands of the bondholders and, therefore, the cost savings passed along to the Company. It must be emphasized that the City will not be liable in any way on the bonds; the bonds are special, limited obligations of the City.

The Company respectfully asks that the Common Council consider the Initial Resolution on January 9, 2024. For agenda purposes, the City should please describe the Initial Resolution as follows:

"Consideration of an Initial Resolution Regarding Industrial Development Revenue Bond Financing for FloClaire Group LLC Project. Information with respect to the job impact of the project will be available at the time of consideration of the Initial Resolution."

A representative of the Borrower will attend the Common Council meeting on January 9, 2024 to answer any questions regarding the proposed Project.

[HUSCH BLACKWELL LLP TO PUBLISH NOTICE OF PUBLIC HEARING ON BEHALF OF CITY AFTER PUBLIC HEARING HAS BEEN SCHEDULED]

NOTICE OF PUBLIC HEARING

Notice is hereby given, in compliance with requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, that the City of Stoughton, Wisconsin (the "City"), will hold a public hearing on _____, 2024 at _____ p.m., or as soon thereafter as the matter may be heard, at City Hall, 207 South Forrest Street, Stoughton, Wisconsin, regarding the proposed issuance of City of Stoughton, Wisconsin Industrial Development Revenue Bonds, Series 2024 (FloClaire Group LLC Project), in an aggregate amount not to exceed $5,000,000 (the "Bonds"), pursuant to Section 66.1103 of the Wisconsin Statutes, to finance a project to be owned by FloClaire Group LLC, a Wisconsin limited liability company, and/or a related entity, and/or a limited liability entity to be formed (the "Borrower").

The Borrower's project to be financed with the Bonds consists of the (i) acquisition of land located at 521 Glacier Moraine Drive in the City of Stoughton, Wisconsin (the "Project Site"), (ii) construction of an approximately 31,516 square foot facility (the "Facility") to be located at the Project Site and operated by the Borrower to manufacture hair and skincare products, (iii) acquisition and installation of equipment at the Facility, and (iv) payment of certain professional costs and costs of issuance. The Bonds will be special, limited obligations of the City and will not constitute an indebtedness of the City within the meaning of any state constitutional provision or statutory limitation or a charge against its general credit or taxing powers.

At the hearing, all persons will be afforded a reasonable opportunity to express their views, both orally and in writing, on the proposed Bonds and the location and nature of the project proposed to be financed. Comments made at the public hearing are for the consideration of the Common Council but do not bind any legal action to be taken by it.

Published: _____, 2024

Candee J. Christen, City Clerk
City of Stoughton, Wisconsin

HUSCH BLACKWELL

Lynda R. Templen
Senior Counsel

511 North Broadway, Suite 1100
Milwaukee, WI 53202
Direct: 414-978-5505
Fax: 414-223-5000
Lynda.Templen@huschblackwell.com

December 7, 2023

TO THE ATTACHED DISTRIBUTION LIST

RE: Not to Exceed $5,000,000 City of Stoughton, Wisconsin Industrial Development Revenue Bonds, Series 2024 (FloClaire Group LLC Project)

Greetings:

At the request of FloClaire Group LLC, a Wisconsin limited liability company, and/or a related entity, and/or a limited liability entity to be formed (collectively, the "Borrower"), we have prepared drafts of documents necessary for the consideration and adoption of an Initial Resolution Regarding Industrial Development Revenue Bond Financing for FloClaire Group LLC Project (the "Initial Resolution") by the Common Council of the City of Stoughton, Wisconsin (the "City") on January 9, 2024. The Borrower's project consists of financing the (i) acquisition of land located at 521 Glacier Moraine Drive in the City of Stoughton, Wisconsin (the "Project Site"), (ii) construction of an approximately 31,516 square foot facility (the "Facility") to be located at the Project Site and operated by the Borrower to manufacture hair and skincare products, (iii) acquisition and installation of equipment at the Facility, and (iv) payment of certain professional costs and costs of issuance (collectively, the "Project"), all of which would contribute to the well-being of the City.

Federal and state law requires that the authorization for such an industrial development revenue bond be done in two stages (first, the consideration of an Initial Resolution by the Common Council, and second, the consideration of a final resolution (the "Final Resolution") by the Common Council).

The Initial Resolution is not a commitment to issue bonds, but merely evidences the City's "official intent" to issue bonds pending satisfactory negotiation of the terms.

The Final Resolution to be considered by the Common Council at a future meeting will be drafted and presented to the City only after negotiations for the bond issue have been completed.

Enclosed are the following documents necessary to allow the Common Council to consider the Initial Resolution on January 9, 2024:

(1) Initial Resolution, with the form of Notice to Electors of the City of Stoughton, Wisconsin, attached as Exhibit A;

(2) Good faith fee estimate letter required under Section 66.1103 of the Wisconsin Statutes;

(3) Notice of Public Hearing (the so-called "TEFRA" notice);

(4) Notice of Intent to Obtain a Municipal Industrial Revenue Bond, which contains information regarding job estimates; and

(5) Certificate of FloClaire Group LLC stating that it is able to negotiate satisfactory arrangements for completing the Project and that the City's interests are not prejudiced thereby.

We have also enclosed a "Checklist for the City of Stoughton" and a summary of industrial development revenue bonds for informational purposes.

The following, in chronological order, are the steps necessary to issue the bonds:

1. The Common Council considers the Initial Resolution on January 9, 2024. For agenda purposes, the City Clerk should describe the Initial Resolution as follows for the Common Council meeting on January 9, 2024:

> *"Consideration of an Initial Resolution Regarding Industrial Development Revenue Bond Financing for FloClaire Group LLC Project. Information with respect to the job impact of the project will be available at the time of consideration of the Initial Resolution."*

The Common Council meeting on January 9, 2024 must meet the requirements of an open meeting under Sections 19.81 et seq. of the Wisconsin Statutes. Pursuant to Section 19.85 of the Wisconsin Statutes, the Common Council may not commence a meeting, subsequently convene in closed session, and reconvene in open session, unless public notice of such subsequent open session was given at the same time, and in the same manner, as the notice of the meeting convened prior to the closed session. If the Common Council proposes to go into closed session at the meeting, please contact me to discuss this issue. **A representative of the Borrower should attend the January 9, 2024 meeting to answer questions regarding the Project and provide job estimate information to the Common Council.**

Under federal regulations for cost recovery, reimbursement of the Borrower's expenditures with bond proceeds can only occur if the Issuer adopts the Initial Resolution. This Initial Resolution may apply to expenditures made by the Borrower within sixty (60) days prior to the adoption of the Initial Resolution and, in general, the reimbursement must be made no later than three (3) years after the original expenditure.

2. On January 10, 2023, the City Clerk should call Kate L. Albrecht at our office (414-978-5516) to confirm that the Initial Resolution was adopted. Kate will publish the Notice to Electors, which is attached to the Initial Resolution as Exhibit A, in the City's local newspaper. After the notice is published, the electors of the City have thirty (30) days during which to circulate a petition for a referendum. In my personal experience, only one such referendum has ever been placed on the ballot, out of hundreds of industrial development revenue bond issues.

3. The City Clerk should mail a copy of the Initial Resolution (the Certificate by City Clerk which is attached to the Initial Resolution should be completed and signed) to Kate L. Albrecht. Kate will send a copy of the Initial Resolution, along with the date that the Notice to Electors was published, to Steven Sabatke at the Wisconsin Economic Development Corporation.

4. The federal tax law known as the Tax Equity and Fiscal Responsibility Act of 1986 ("TEFRA"), requires that this Project, which is being funded with tax-exempt bond proceeds, be the subject of a noticed public hearing called a TEFRA public hearing. These hearings provide interested individuals or parties the opportunity to testify on any matters related to such potential bond issues, including the nature and location of the Project.

Therefore, at a future date, a notice regarding the scheduled TEFRA public hearing must be published (our office will publish the Notice of Public Hearing on behalf of the City). The Notice of Public Hearing must be published no later than seven (7) days before the TEFRA public hearing. Our usual practice is to have the TEFRA public hearing immediately preceding the meeting at which the Final Resolution is considered by the Common Council. We will notify the City in the future to schedule the TEFRA public hearing/Final Resolution date.

5. At a future date, the Common Council will hold the TEFRA public hearing and consider the Final Resolution. A representative of the Borrower should attend the TEFRA public hearing. The Common Council meeting must meet the requirements of an open meeting under Sections 19.81 et seq. of the Wisconsin Statutes

6. After the preliminary steps outlined above have been completed, the Borrower and the Purchaser will need to negotiate the bond documents (to be prepared by Husch Blackwell LLP) in preparation for the sale of the bonds. The pricing will occur just prior to the Common Council meeting during which the Common Council will be asked to adopt the Final Resolution.

The foregoing is a brief sketch of the procedural steps that must be followed when issuing industrial development revenue bonds. The key point to remember is that the City will be considering, from a policy standpoint, whether to encourage the location of the Project in the City. By issuing the bonds, the City will give the Borrower an interest rate benefit because the bonds will be tax-exempt in the hands of the Purchaser. It must be emphasized that the City will not be liable in any way on the bonds; the bonds are special, limited obligations of the City.

We are simultaneously delivering to the City Clerk the good faith fee estimate letter required under Section 66.1103 of the Wisconsin Statutes. A copy of this letter should be signed by Candee J. Christen and returned to us to evidence her receipt of the letter.

The Borrower has signed the enclosed Notice of Intent to Obtain a Municipal Industrial Revenue Bond (the "Notice of Intent"). The Notice of Intent is being delivered to the City Clerk with this letter, and we will mail a copy to Steven Sabatke at the Wisconsin Economic Development Corporation. Whoever attends the meeting on behalf of the Borrower should bring the signed Notice of Intent to the Common Council meeting on January 9, 2024.

We are looking forward to working with everyone on this Project. Please call me with any questions or comments.

Very truly yours,

Lynda R. Templen

Not to Exceed $5,000,000
City of Stoughton, Wisconsin
Industrial Development Revenue Bonds, Series 2024
(FloClaire Group LLC Project)

CHECKLIST FOR CITY OF STOUGHTON, WISCONSIN (the "Issuer")

ITEM	ACTION TO BE TAKEN BY ISSUER	DATE ACTION TAKEN
1. Husch Blackwell LLP ("HB") provides Procedure Letter to City of Stoughton, Wisconsin ("Issuer").	N/A	December 7, 2023
2. HB provides Fee Estimate Letter to City Clerk of Issuer and Wisconsin Economic Development Corporation ("WEDC").	City Clerk signs Fee Estimate Letter and returns to HB.	December 7, 2023
3. HB / Borrower provide Job Estimate to Issuer, WEDC and union representatives (if any).	N/A	December 7, 2023
4. HB provides Initial Resolution (inducement resolution) to Issuer.	City Clerk includes Initial Resolution in Common Council packet and on agenda.	December 7, 2023
5. City Clerk provides Notice of Meeting to consider Initial Resolution. **Must include job information. See Procedure Letter for required language.**	City Clerk provides notice of meeting, including required job language to comply with Wisconsin open meetings law.	Notice of meeting provided by City for January 9, 2024 meeting
6. Common Council considers Initial Resolution.	Common Council considers Initial Resolution.	January 9, 2024
7. HB publishes Notice to Electors.	City Clerk calls Kate L. Albrecht at HB (414-978-5516) to confirm adoption of Initial Resolution.	January 10, 2024
8. HB provides a copy of Initial Resolution and publication date of Notice to Electors to WEDC.	City Clerk mails copy of signed Initial Resolution to Kate L. Albrecht.	January 10, 2024
9. HB provides Issuer with Final Resolution and other documents.	City Clerk includes Final Resolution in Common Council packet and on agenda. Issuer reviews documents.	TBD
10. City Clerk provides Notice of Meeting to consider Final Resolution. **Final Resolution considered approximately 4 weeks after publication of Notice to Electors (#7 above); however, bonds cannot be issued sooner than 30 days after publication of Notice to Electors.**	City Clerk provides notice of meeting to comply with Wisconsin open meetings law.	TBD
11. HB publishes TEFRA Notice at least 7 days prior to meeting date.	City Clerk includes Notice of Public Hearing on Common Council agenda.	TBD
12. Issuer holds TEFRA public hearing and considers Final Resolution.	Common Council holds TEFRA public hearing, Common Council considers Final Resolution, and City signs and returns all bond documents provided by HB to Kate L. Albrecht.	TBD
13. Closing (Issuer does not attend closing; signature pages will be sent to Issuer prior to closing)	N/A - HB will send a closing book to Issuer upon closing.	TBD

Husch Blackwell LLP
Lynda R. Templen, Esq. 414-978-5505

HUSCH BLACKWELL

Lynda R. Templen
Senior Counsel

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Milwaukee, WI 53202
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Lynda.Templen@huschblackwell.com

December 7, 2023

Candee J. Christen, City Clerk
City of Stoughton
207 South Forrest Street
Stoughton, WI 53589

Steve Sabatke
Underwriting Manager
Wisconsin Economic Development Corporation
201 West Washington Avenue, 6th Floor
Madison, WI 53149

RE: Not to Exceed $5,000,000 City of Stoughton, Wisconsin Industrial Development Revenue Bonds, Series 2024 (FloClaire Group LLC Project)

Greetings:

We understand that in the near future, the Common Council of the City of Stoughton, Wisconsin (the "City"), will take action on an Initial Resolution for industrial development revenue bond financing under Section 66.1103 of the Wisconsin Statutes on behalf of FloClaire Group LLC, a Wisconsin limited liability company, and/or a related entity, and/or a limited liability entity to be formed.

Section 66.1103 of the Wisconsin Statutes requires that prior to the adoption of the Initial Resolution, a document containing a good faith estimate of the legal fees which will be paid from the bond proceeds must be filed with the City Clerk of the City and with the Wisconsin Economic Development Corporation. This letter is that document.

Estimating legal fees at this stage in the proceedings is difficult because many of the most significant factual matters which may affect legal costs are not known in detail at this time. The size and structure of the bond issue have not been finalized. These and other matters normally are negotiated and determined after the Initial Resolution is adopted. As a result, the scope and amount of work

which the various parties may choose to refer to their lawyers can vary considerably as the economic aspects of the financing develop.

The relationship of these variables to an estimate of aggregate legal fees is evident from the principles which lawyers apply in charging fees for their services. Fees for services rendered by any Wisconsin lawyer should be consistent with, and grounded upon, the Rules of Professional Conduct for Attorneys of the American Bar Association, as currently enforced in Wisconsin. Those rules set forth the following basic guidelines:

> A lawyer's fee shall be reasonable. Factors to be considered as guides in determining the reasonableness of a fee include the following:
>
> (1) The time and labor required, the novelty and the difficulty of the questions involved, and the skill requisite to perform the legal service properly.
>
> (2) The likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the lawyer.
>
> (3) The fee customarily charged in the locality for similar legal services.
>
> (4) The amount involved and the results obtained.
>
> (5) The time limitations imposed by the client or by the circumstances.
>
> (6) The nature and length of the professional relationship with the client.
>
> (7) The experience, reputation and ability of the lawyer or lawyers performing the services.
>
> (8) Whether the fee is fixed or contingent.

The maximum principal amount of the bonds will not exceed $5,000,000.

The following is a good faith estimate of the legal fees which will be paid from the proceeds of the bonds with respect to this financing:

COUNSEL	**FEE ESTIMATE**
Bond Counsel	$40,000 plus disbursements*
Counsel to the Eligible Participant	It is unknown whether the legal fees and disbursements of such counsel will be paid from the proceeds of the bonds
Attorneys who have not yet been identified who may be involved in the transaction, including, without limitation, counsel to any Trustee involved, any real estate counsel involved, and any counsel to the initial bond purchaser(s)	It is unknown whether the legal fees and disbursements of such counsel will be paid from the proceeds of the bonds

The actual fee charged by each of the lawyers acting in this matter may vary considerably from the estimates provided above. Without purporting to be exhaustive, the following are reasons why actual fees may be higher or lower than the estimate: (i) assumptions regarding the size, structure, complexity and timing of the bond financing may change; (ii) clients may alter the scope of their lawyers' engagement; (iii) parties may require legal opinions or legal advice beyond that normally requested in similar financings; and (iv) unforeseen legal problems may arise.

We are writing and filing this letter to comply with the requirements of Section 66.1103 of the Wisconsin Statutes. To the extent that we have estimated attorneys' fees other than our own, we did so on the basis of prior experience and information available to us at the time of writing this letter.

Please complete and return the receipt below by email. Thank you.

Very truly yours,

Lynda R. Templen

*Estimate only, based on par.

The undersigned acknowledge receipt of the foregoing this _____ day of _____, 20___.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

By:_____
Steven Sabatke, Underwriting Manager

CITY OF STOUGHTON, WISCONSIN

By:_____
Candee J. Christen, City Clerk

Notice of Intent to Obtain a Municipal Industrial Revenue Bond

Section 66.1103 (4m) (a) 1 of the Wisconsin Statutes requires the person or business who intends to obtain an industrial revenue bond issue from a Wisconsin municipality to notify this intention to the Wisconsin Economic Development Corporation and to any collective bargaining agent in the state with whom the person or business has a collective bargaining agreement. This notification must occur at least 30 days prior to entering into the revenue agreement or signing the loan contract. The person or business must provide information on the number of full-time jobs that are expected to be eliminated, created, or maintained at the project site and elsewhere in Wisconsin as a result of the project which is the subject of this notice. The person or business named below hereby gives notice of intent to obtain an Industrial Revenue Bond pursuant to s. 66.1103 of the Wisconsin Statutes.

I. Project

A. Person: Richard Muma Sr.
Business: FloClaire Group LLC
Address: 821 East Washington Avenue, Suite 200
Post Office/ZIP: Madison, WI 53703

B. Project site: City of Stoughton, Wisconsin
(Name of city, village or town in which the project is located)

C. Project type:
- [ ] Expansion at Present Location
- [ ] Relocation Within Same Municipality
- [ ] Relocation From Within State
- [ ] Relocation from Out-of-State
- [ ] New Business
- [ ] Branch-Wisconsin Operation
- [ ] Branch-Out-of-State Operation
- [x] _____

D. Maximum amount of IRB financing: $5,000,000

II. Employment Estimates (to result within the next 3 years)

Number of Full-Time Jobs	Before Project	To Be Maintained	To Be Created	To Be Eliminated	Net Total Number of Jobs
A. At the Project Site	-0-	-0-	20	-0-	20
B. At All Other Wisconsin Operations	-0-	-0-	-0-	-0-	20
C. Net Totals	-0-	-0-	20	-0-	20

D. Will any jobs transfer from one or more locations to the project site? Yes [ ] No [x]

Number of jobs to transfer: _____

Location(s) the jobs will transfer from: (municipality) _____

Signed/Person completing this form	Richard Muma Sr., CEO Name	Date

(608) 577-9387
Telephone Number

HB: 4881-8568-5908.1