

**Bond Amendment Relating to:
\$3,000,000
City of Manitowoc, Wisconsin
Midwestern Disaster Area Revenue Bonds, Series 2012
(Baileigh Industrial, Inc. Project)**

SUMMARY

On June 27, 2012, the City of Manitowoc (the "City") issued its \$3,000,000 City of Manitowoc, Wisconsin Midwestern Disaster Area Revenue Bonds, Series 2012 (Baileigh Industrial, Inc. Project) (the "Original Bonds") pursuant to a Bond Agreement dated as of June 1, 2012 (the "Bond Agreement") among the City, Hennessy Development LLC (the "Borrower"), and Bank First National (the "Bondowner"). The Original Bonds were issued on behalf of the Borrower for the purpose of financing the (i) acquisition of approximately 5 acres of land currently comprising a portion of Lot 6, in Block 1, Manitowoc I-43 Industrial Park Subdivision No. 2, located immediately northwest and adjacent to the Borrower's existing facility on Dufek Drive in the City of Manitowoc, Wisconsin, (ii) construction of an approximately 45,000 square foot addition to an existing approximately 35,000 square foot distribution facility located at 1625 Dufek Drive in the City of Manitowoc, Wisconsin (the "Facility") owned by the Borrower and operated by Baileigh Industrial, Inc., a Wisconsin corporation, which is a machinery distributor, (iii) acquisition and installation of non-movable equipment at the Facility, (iv) renovation and improvements to the Facility and (v) payment of certain professional costs and costs of issuance (the "Project").

The Borrower and the Bondowner desire to amend certain interest rate provisions relating to the Original Bonds (i) pursuant to a First Amendment to Bond Agreement and (ii) through the issuance of amended bonds (the "Bonds") by the City. Husch Blackwell LLP, as Bond Counsel, has prepared a Resolution to be considered by the Common Council on September 18, 2017 approving the proposed bond amendment and the City's counsel has reviewed the Resolution and the Bond documents.

The Bonds, as issued, and as proposed to be amended, are municipal bonds; however, they are not general obligations of the City.

- **The City has not been, nor will it be liable for payment of the principal and interest.**
- **The City has not had nor will the City have ongoing responsibilities of monitoring or reporting with regard to the Bonds or the Project.**
- **The Bonds have not and do not count against the City's borrowing capacity. The City has not and will not levy a tax for payment of the Bonds.**
- **Following this amendment, the City will continue to act strictly as a conduit, which enables the Borrower to borrow at a favorable interest rate.**
- **The Borrower will be fully responsible for repaying the loan. The City is not liable for payment.**

The key point to remember is that the City will be considering from a policy standpoint whether to continue to support the location of the Borrower in the City. By consenting to the amendment of the Bonds, the City will allow the Borrower to continue to receive a benefit from the Bank, because the tax-exempt Bonds will be tax-exempt in the hands of the Bank as the sole bondholder. **It must be emphasized that the City has not been nor will the City be liable in any way on the Bonds; the Bonds are special, limited obligations of the City.**