

**Summary**  
**Request for City of Manitowoc, Wisconsin to Serve as Conduit Issuer**  
**for**  
**Not to Exceed \$5,100,000 Revenue Bonds**  
**to Benefit**  
**The Manitowoc Lutheran High School Federation, Incorporated Project**

This will summarize the request of The Manitowoc Lutheran High School Federation, Incorporated, a Wisconsin nonstock, nonprofit corporation (the “Borrower”), asking that the City of Manitowoc, Wisconsin (the “City”) consider an Initial Resolution to benefit the Borrower through the conduit issuance of industrial development revenue bonds (“IRBs”) to finance a project located in the City consisting of the (i) construction of an approximately 30,000 square foot addition to the Borrower’s existing approximately 90,000 square foot high school located at 4045 Lancer Circle in the City of Manitowoc, Wisconsin which will consist of a new gymnasium, locker room, and parking lot and (ii) payment of professional fees and costs of issuance (collectively, the “Project”), all of which will advance the Borrower’s exempt purpose. 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, cities, villages and towns, as well as duly constituted redevelopment authorities and community development authorities may issue IRBs.

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

1. The City will not be liable for payment of the principal and interest on the bonds;
2. The City will not have ongoing responsibilities of monitoring or reporting with regard to the bonds or the Project.
3. The bonds do not count against the City’s borrowing capacity. The City will not levy a tax for payment of the bonds.

The City acts strictly as a conduit, which enables the Borrower 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 Borrower 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.

The Borrower will benefit from the tax-exempt financing by owning and/or using the bond financed-facilities and 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 Borrower 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 Borrower will be fully responsible for repaying the loan and must make the arrangements with the lender for the payment on the bonds. If the Borrower is not able to meet its payment obligations, the lender will realize on its collateral and enforce its rights against the Borrower. 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 Borrower 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 Borrower. 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 Borrower respectfully requests that the City considers the Initial Resolution as follow: (i) Finance Committee considers the Initial Resolution on March 8, 2024 and (ii) Common Council considers the Initial Resolution on March 18, 2024. For agenda purposes, the City should please describe the Initial Resolution as follows for the Common Council meeting on March 18, 2024:

*“Consideration of an Initial Resolution Regarding Revenue Bond Financing for The Manitowoc Lutheran High School Federation, Incorporated Project. Information with respect to the job impact of the project will be available at the time of consideration of the Initial Resolution.”*

Someone from the Borrower will attend the Common Council meeting on March 18, 2024 to answer any questions.