

RESOLUTION NO. 2012-03

RESOLUTION AWARDING THE SALE OF
\$6,165,000 GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS
(QUALIFIED MIDWESTERN DISASTER AREA BONDS), SERIES 2012A

WHEREAS, on November 7, 2011, the Village Board of the Village of Shorewood, Milwaukee County, Wisconsin (the "Village") adopted a resolution entitled: "Initial Resolution Authorizing \$8,500,000 General Obligation Bonds for Community Development Project" (the "Initial Resolution") authorizing the issuance of \$8,500,000 general obligation bonds for the public purpose of providing financial assistance to a community development project under Section 66.1105 and Sections 66.1333 and 66.1335, Wisconsin Statutes, which consists of construction of a mixed-use development containing rental residential units, retail space and parking facilities (the "Project");

WHEREAS, the Village Board hereby finds and determines that the Project is within the Village's power to undertake and therefore serves a "public purpose" as that term is defined in Section 67.04(1)(b), Wisconsin Statutes;

WHEREAS, the Village has received a Midwestern disaster area bond designation from the Chief Executive Officer of the Wisconsin Economic Development Corporation (the "WEDC"), as the designee of the Governor of the State of Wisconsin, with respect to up to \$8,500,000 of bonds to be issued by the Village to finance costs of the Project, as evidenced by a designation letter from the WEDC (the "Designation");

WHEREAS, the Designation provides that Kenmore Place LLC, the developer of the Project (the "Developer") is designated as a person carrying on a trade or business replacing a trade or business with respect to which another person suffered a loss in a trade or business attributable to the severe storms, tornados and flooding occurring in 2008, which gave rise to a major disaster declaration by the President of the United States;

WHEREAS, the Village hereby finds and determines that is necessary, desirable and in the best interest of the Village to issue \$6,165,000 of general obligation bonds authorized by the Initial Resolution (the "Bonds") as "qualified Midwestern disaster area bonds", a category of bond authorized to be issued pursuant to Section 1400N of the Internal Revenue Code of 1986, as amended (the "Code") and as amended and modified by Section 702 of the Heartland Disaster Tax Relief Act of 2008 (the "Act");

WHEREAS, the Village has directed Ehlers & Associates, Inc., Brookfield, Wisconsin ("Ehlers") to take the steps necessary to sell the Bonds;

WHEREAS, Ehlers, in consultation with the officials of the Village, prepared a Notice of Sale (a copy of which is attached hereto as Exhibit A and incorporated herein by this reference) setting forth the details of and the bid requirements for the Bonds and indicating that the Bonds would be offered for public sale on February 21, 2012;

WHEREAS, the Village Clerk/Treasurer (in consultation with Ehlers) caused a form of notice of the sale to be published and/or announced and caused the Notice of Sale to be distributed to potential bidders offering the Bonds for public sale on February 21, 2012;

WHEREAS, the Village has duly received bids for the Bonds as described on the Bid Tabulation attached hereto as Exhibit B and incorporated herein by this reference (the "Bid Tabulation"); and

WHEREAS, it has been determined that the bid proposal (the "Proposal") submitted by the financial institution listed first on the Bid Tabulation fully complies with the bid requirements set forth in the Notice of Sale and is deemed to be the most advantageous to the Village. Ehlers has recommended that the Village accept the Proposal. A copy of said Proposal submitted by such institution (the "Purchaser") is attached hereto as Exhibit C and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED by the Village Board of the Village that:

Section 1A. Ratification of the Notice of Sale, and Offering Materials. The Village Board of the Village hereby ratifies and approves the details of the Bonds set forth in Exhibit A attached hereto as and for the details of the Bonds. The Notice of Sale and any other offering materials prepared and circulated by Ehlers are hereby ratified and approved in all respects. All actions taken by officers of the Village and Ehlers in connection with the preparation and distribution of the Notice of Sale, and any other offering materials are hereby ratified and approved in all respects.

Section 1B. Award of the Bonds. The Proposal of the Purchaser offering to purchase the Bonds for the sum set forth on the Proposal (as modified on the Bid Tabulation and reflected in the Pricing Summary referenced below and incorporated herein), plus accrued interest to the date of delivery, resulting in a net interest cost and true interest rate as set forth on the Proposal (as modified on the Bid Tabulation) is hereby accepted. The President and Village Clerk/Treasurer or other appropriate officers of the Village are authorized and directed to execute an acceptance of the Proposal on behalf of the Village. The good faith deposit of the Purchaser shall be retained by the Village Clerk/Treasurer until the closing of the bond issue, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned. The Bonds bear interest at the rates set forth on the Proposal.

Section 2. Terms of the Bonds. The Bonds shall be designated "General Obligation Community Development Bonds (Qualified Midwestern Disaster Area Bonds), Series 2012A"; shall be issued in the aggregate principal amount of \$6,165,000; shall be dated March 8, 2012; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall bear interest at the rates per annum; and mature on December 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit D-1 and incorporated herein by this reference. Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2012. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The schedule of principal and interest

payments due on the Bonds is set forth on the Debt Service Schedule attached hereto as Exhibit D-2 and incorporated herein by this reference (the "Schedule").

Section 3. Redemption Provisions.

(A) Optional Redemption. The Bonds maturing on December 1, 2021 and thereafter shall be subject to redemption prior to maturity, at the option of the Village, on December 1, 2020 or on any date thereafter. Said Bonds shall be redeemable as a whole or in part, and if in part, from maturities selected by the Village and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

(B) Mandatory Redemption Upon a Determination of Taxability. Upon the occurrence of a determination of taxability with respect to the Bonds, the Bonds shall be called for redemption at a redemption price equal to 100% of the principal amount thereof, without premium, on the earliest practicable date, either in whole or in part, in such principal amount that, upon such redemption, the interest payable on such Bonds remaining outstanding after such redemption would not be includible for federal income tax purposes in the gross income of the owners thereof.

Section 4. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit E and incorporated herein by this reference.

Section 5. Tax Provisions.

(A) Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Bonds as the same becomes due, the full faith, credit and resources of the Village are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the Village a direct annual irrepealable tax in the years 2012 through 2030 for the payments due in the years 2012 through 2031 in the amounts set forth on the Schedule. The amount of tax levied in the year 2012 shall be the total amount of debt service due on the Bonds in the years 2012 and 2013; provided that the amount of such tax carried onto the tax rolls shall be abated by any amounts appropriated pursuant to subsection (D) below which are applied to payment of principal of or interest on the Bonds in the year 2012.

(B) Tax Collection. So long as any part of the principal of or interest on the Bonds remains unpaid, the Village shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Bonds, said tax shall be, from year to year, carried onto the tax roll of the Village and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the Village for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account created below.

(C) Additional Funds. If at any time there shall be on hand insufficient funds from the aforesaid tax levy to meet principal and/or interest payments on said Bonds when due, the requisite amounts shall be paid from other funds of the Village then available, which sums shall be replaced upon the collection of the taxes herein levied.

(D) Appropriation. The Village hereby appropriates from taxes levied in anticipation of the issuance of the Bonds, proceeds of the Bonds or other funds of the Village on hand a sum sufficient to be irrevocably deposited in the segregated Debt Service Fund Account created below and used to pay the interest on the Bonds coming due on June 1, 2012 and December 1, 2012 as set forth on the Schedule.

Section 6. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the Village, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Debt service or sinking funds established for obligations previously issued by the Village may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for \$6,165,000 General Obligation Community Development Bonds (Qualified Midwestern Disaster Area Bonds), Series 2012A, dated March 8, 2012" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Bonds is fully paid or otherwise extinguished. The Village Clerk/Treasurer shall deposit in the Debt Service Fund Account (i) all accrued interest received by the Village at the time of delivery of and payment for the Bonds; (ii) any premium which may be received by the Village above the par value of the Bonds and accrued interest thereon; (iii) all money raised by the taxes herein levied and any amounts appropriated for the specific purpose of meeting principal of and interest on the Bonds when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Bonds when due; (v) surplus monies in the Borrowed Money Fund as specified below; and (vi) such further deposits as may be required by Section 67.11, Wisconsin Statutes.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Bonds until all such principal and interest has been paid in full and the Bonds canceled; provided (i) the funds to provide for each payment of principal of and interest on the Bonds prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Bonds may be used to reduce the next succeeding tax levy, or may, at the option of the Village, be invested by purchasing the Bonds as permitted by and subject to Section 67.11(2)(a), Wisconsin Statutes, or in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account. Any investment of the Debt Service Fund Account shall at all times conform with the provisions of the Code and any applicable Treasury Regulations (the "Regulations").

(C) Remaining Monies. When all of the Bonds have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service Fund Account shall be transferred and deposited in the general fund of the Village, unless the Village Board directs otherwise.

Section 7. Proceeds of the Bonds; Segregated Borrowed Money Fund. The proceeds of the Bonds (the "Bond Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Bonds into the Debt Service Fund Account created above) shall be deposited into a special fund separate and distinct from all other funds of the Village and disbursed solely for the purpose for which borrowed or for the payment of the principal of and the interest on the Bonds. Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purpose for which the Bonds have been issued has been accomplished and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose shall be deposited in the Debt Service Fund Account; subject to the restrictions on use of the proceeds of the Bonds set forth in Section 8(c) below.

Section 8. Qualified Midwestern Disaster Area Bond Requirements.

(A) Qualified Midwestern Disaster Area Bond Designation and Status. The Village hereby designates the Bonds as qualified Midwestern disaster area bonds pursuant to the provisions of Section 1400N of the Code and Section 702 of the Act. The Village covenants and agrees that it will take all necessary steps and perform all obligations required, including but limited to obtaining the necessary assurances and certifications from the Developer, to ensure that the Bonds are qualified Midwestern disaster area bonds. The Village Clerk/Treasurer or other officer of the Village charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the Village as of the Closing, for inclusion in the transcript of proceedings, certifying that it can and covenanting that it will comply with applicable provisions of the Code and the Regulations.

(B) Ongoing Compliance. The Village Board hereby covenants and agrees that the Village will take all reasonable and lawful actions and will help to ensure that the Developer complies with any new tax legislation enacted so that the Bonds will continue to be qualified Midwestern disaster area bonds throughout the term of the Bonds, provided that in meeting such requirements the Village will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

(C) Qualified Project Costs. The Village hereby covenants that it will comply with, and take such steps as are necessary to assure that the Developer complies with, the applicable provisions of the Code and the Regulations so that the proceeds of the Bonds are used only for qualified project costs, including compliance with the requirement that 95% or more of the proceeds of the Bonds shall be used to either (i) pay the cost of acquisition, construction, reconstruction, and renovation of nonresidential real property (including fixed improvements associated with such property) located in a "Midwestern disaster area", as such term is used in Section 702(b)(1) of the Act, or (ii) pay the cost of a qualified residential rental project (as

defined in Section 142(d) of the Code) located in a "Midwestern disaster area", as such term is used in Section 702(b)(1) of the Act. The Village further covenants that it will obtain the necessary assurances and certifications from the Developer that no portion of the proceeds of the Bonds will be used to finance the acquisition of moveable fixtures or equipment and no more than 25% of the proceeds of the Bonds will be used (directly or indirectly) to acquire land or an interest therein. To the extent any proceeds of the Bonds will be used to acquire an existing building, the Village covenants that it will obtain the necessary assurances and certifications from the Developer that rehabilitation expenditures equal to at least 50% of the cost of acquiring such building will be made within two years after the later of the date the building is acquired or the date the Bonds are issued.

Section 9. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the Village, charged with the responsibility for issuing the Bonds, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Bonds to the Purchaser which will permit the conclusion that the Bonds are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 10. Compliance with Other Federal Tax Laws. The Village Board hereby covenants and agrees that the Village shall comply with the provisions of the Code to the extent necessary to maintain the qualified Midwestern disaster area bond status of the Bonds including, if applicable, the rebate requirements of Section 148(f) of the Code. The Village Board further covenants that the Village will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond within the meaning of the Code or would cause the Bonds to lose their qualified Midwestern disaster area bond status. The Village Clerk/Treasurer or other officer of the Village charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the Village certifying that the Village can and covenanting that it will comply with the provisions of the Code and Regulations.

Section 11. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the Village by the manual or facsimile signatures of the President and Village Clerk/Treasurer, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the Village of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Bonds may be imprinted on the Bonds in lieu of the manual signature of the officer but, unless the Village has contracted with a fiscal agent to authenticate the Bonds, at least one of the signatures appearing on each Bond shall be a manual signature. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Bonds and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the

Closing. The Village hereby authorizes the officers and agents of the Village to enter into, on its behalf, agreements and contracts in conjunction with the Bonds, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Bonds is hereby ratified and approved in all respects.

Section 12. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by the Village Clerk/Treasurer (the "Fiscal Agent").

Section 13. Persons Treated as Owners; Transfer of Bonds. The Village shall cause books for the registration and for the transfer of the Bonds to be kept by the Fiscal Agent. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the President and Village Clerk/Treasurer shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Bond surrendered for transfer.

The Village shall cooperate in any such transfer, and the President and Village Clerk/Treasurer are authorized to execute any new Bond or Bonds necessary to effect any such transfer.

Section 14. Record Date. The fifteenth day of each calendar month next preceding each interest payment date shall be the record date for the Bonds (the "Record Date"). Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the Village at the close of business on the Record Date.

Section 15. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the Village agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations previously executed on behalf of the Village and on file in the Village Clerk/Treasurer's office.

Section 16. Payment of Issuance Expenses. The Village authorizes the Purchaser to forward the amount of the proceeds of the Bonds allocable to the payment of issuance expenses to KleinBank, Chaska, Minnesota at Closing for further distribution as directed by Ehlers.

Section 17. Official Statement. The Village Board hereby approves the Preliminary Official Statement with respect to the Bonds and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the Village in connection with the preparation of such Preliminary Official Statement and any addenda to it or Final Official Statement are hereby ratified and approved. In connection with the Closing, the appropriate Village official shall certify the Preliminary Official Statement and any addenda or Final Official Statement. The Village Clerk/Treasurer shall cause copies of the Preliminary Official Statement and any addenda or Final Official Statement to be distributed to the Purchaser.

Section 18. Undertaking to Provide Continuing Disclosure. The Village hereby covenants and agrees, for the benefit of the owners of the Bonds, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Bonds or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the Village to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

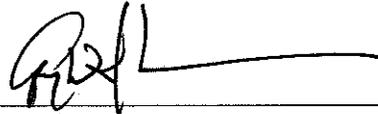
To the extent required under the Rule, the Village Clerk/Treasurer, or other officer of the Village charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the Village's Undertaking.

Section 19. Record Book. The Village Clerk/Treasurer shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds in the Record Book.

Section 20. Bond Insurance. If the Purchaser of the Bonds determines to obtain municipal bond insurance with respect to the Bonds, the officers of the Village are authorized to take all actions necessary to obtain such municipal bond insurance. The President and Village Clerk/Treasurer are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the President and Village Clerk/Treasurer including provisions regarding restrictions on investment of Bond proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer and notices to be given to the bond insurer. In addition, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Bond provided herein.

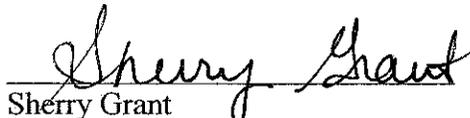
Section 21. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Village Board or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted, approved and recorded February 21, 2012.



Guy Johnson
President

ATTEST:



Sherry Grant
Village Clerk/Treasurer

(SEAL)