

VILLAGE BOARD OF  
VILLAGE OF SHOREWOOD, WISCONSIN

RESOLUTION NO. 2010-12

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**INITIAL RESOLUTION REGARDING  
INDUSTRIAL DEVELOPMENT REVENUE BOND  
FINANCING FOR ALTERRA COFFEE ROASTERS, INC.**

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WHEREAS, Section 66.1103 of the Wisconsin Statutes (the "Act") authorizes the Village of Shorewood, Wisconsin (the "Village of Shorewood"), to authorize the issuance and sale of bonds by the Village of Shorewood 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, Section 66.1103(3)(f) of the Wisconsin Statutes provides that a municipality also may finance an industrial project which is located entirely outside the geographic limits of the municipality, but only if the revenue agreement for the project also relates to another project of the same eligible participant, part of which is located within the geographic limits of the municipality; and

WHEREAS, Alterra Coffee Roasters, Inc., a Wisconsin corporation, or a related entity to be formed (the "Borrower"), desires to complete a multi-jurisdictional project consisting of financing the (i) rehabilitation and equipping of an existing approximately 1,800 square foot facility located at 4500 Oakland Avenue in the Village of Shorewood, Wisconsin, to be used by the Borrower for the retail sales of coffee, bakery and other prepared foods; (ii) acquisition, rehabilitation, equipping and expansion of an approximately 24,000 square foot facility located at 2301 South Kinnickinnic Avenue, 2314-2320 South Howell Avenue, and 2328 South Howell Avenue, all in the City of Milwaukee, Wisconsin, to be used by the Borrower to manufacture bakery and other prepared foods, and a cafe for retail sales of coffee, bakery and other prepared foods; (iii) rehabilitation and equipping of an existing approximately 7,200 square foot facility located at 2211 North Prospect Avenue in the City of Milwaukee, Wisconsin, to be used by the Borrower for the retail sales of coffee, bakery and other prepared foods; (iv) acquisition, rehabilitation and equipping of an existing approximately 9,368 square foot facility located at 1210-1251 Washington Street in the Village of Grafton, Wisconsin, a portion which will be used by the Borrower for the retail sales of coffee, bakery and other prepared foods and a portion which will be leased to other retail tenants; and (v) payment of certain costs related to the issuance of the bonds (collectively, the "Project"), all of which would contribute to the well-being of the Village of Shorewood, the City of Milwaukee, Wisconsin (the "City of Milwaukee"), and the Village of Grafton, Wisconsin (the "Village of Grafton"); and

WHEREAS, the cost of the Project is presently estimated to be greater than \$7,800,000, 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 \$7,800,000; and

WHEREAS, the proposed Project is a multi-jurisdictional project which is located in the Village of Shorewood, the City of Milwaukee and the Village of Grafton, and the Borrower has requested that each of the Village of Shorewood, the City of Milwaukee and the Village of Grafton approve an initial resolution (the "Initial Resolution") providing for the financing of the Project in an amount not to exceed \$7,800,000; and

WHEREAS, the City of Milwaukee and the Village of Grafton each propose to consider, or have considered, an initial resolution prior to the Bonds being issued to provide for the financing of the multi-jurisdictional Project, a portion of which is located in the Village of Shorewood, the City of Milwaukee and the Village of Grafton, in an amount not to exceed \$7,800,000; and

WHEREAS, any of the Village of Shorewood, the City of Milwaukee or the Village of Grafton shall be the issuer of said revenue bonds and it shall be determined at a future date which municipality shall be the issuer of said revenue bonds; and

WHEREAS, the Village of Shorewood 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 Village of Shorewood 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 Village Board of the Village of Shorewood, as follows:

1. Based upon representations of the Borrower, it is the finding and determination of the Village Board of the Village of Shorewood 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. If requested to do so by the Borrower, the Village of Shorewood shall:

(a) Finance the Project in an amount not to exceed \$7,800,000; 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 \$7,800,000 in order to finance costs of the Project located in the Village of Shorewood, the City of Milwaukee and the Village of Grafton, pursuant to Section 66.1103(3)(f) of the Wisconsin Statutes.

2. The aforesaid plan of financing contemplates, and is conditioned upon, the following:

(a) The Bonds shall never constitute an indebtedness of the Village of Shorewood 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 Village of Shorewood 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 Village of Shorewood'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, whether or not the Village of Shorewood ultimately issues the Bonds; and

(f) A notice of public hearing (the "TEFRA Hearing") required by federal law for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended, shall be published in a newspaper or newspapers of general circulation in the Village of Shorewood, the City of Milwaukee and the Village of Grafton and public hearings shall be held by the Village of Shorewood, the City of Milwaukee and the Village of Grafton to provide interested individuals or parties the opportunity to testify with respect to the nature and location of the Project and the issuance of the Bonds to finance the Project.

3. The aforesaid plan of financing shall not be legally binding upon the Village of Shorewood nor be finally implemented unless and until:

(a) If the Village of Shorewood is the issuer of the Bonds, the details and mechanics of the same are authorized and approved by a further resolution of the Village Board of the Village of Shorewood which shall be solely within the discretion of the Village Board of the Village of Shorewood;

(b) The Village 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 Village of Shorewood, and the electors of the Village of Shorewood 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 municipal clerks of the Village of Shorewood, the City of Milwaukee and the Village of Grafton shall each 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 Village of Shorewood, the City of Milwaukee, the Village of Grafton and the Borrower have resolved all land use and special use issues with respect to the affected property and the Project; and

(g) The Village of Shorewood, the City of Milwaukee and the Village of Grafton shall have approved the issuance of the Bonds following the public hearings required by Section 2(f) above.

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 Village of Shorewood's interests are not prejudiced thereby.

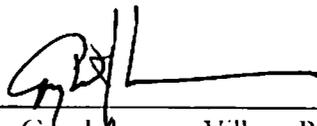
5. The Village Clerk of the Village of Shorewood is directed, following adoption of this Initial Resolution (i) to publish notice of such adoption not less than one time in the official newspaper of the Village of Shorewood, such notice to be in substantially the form attached hereto as Exhibit A and (ii) to file a copy of this Initial Resolution, together with a statement indicating the date the Notice to Electors was published, with the Secretary of Business Development of the State of Wisconsin within twenty (20) days following the date of publication of such notice.

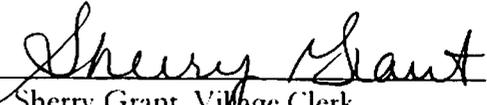
6. This Initial Resolution is an "initial resolution" within the meaning of the Act and official action toward issuance of the Bonds for purposes of Sections 103 and 144 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Furthermore, it is the reasonable expectation of the Village of Shorewood 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 \$7,800,000. This statement of official intent is made pursuant to Internal Revenue Code §1.150-2.

7. If the Village of Shorewood is not the ultimate issuer of the Bonds, after the TIFRA Hearing has been properly noticed and held by the Village, the Village President is authorized to execute an approval of Highest Elected Official for the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended, with respect to the issuance of the Bonds for the project located in the Village of Shorewood.

Adopted: May 3, 2010.

**VILLAGE OF SHOREWOOD, WISCONSIN**

By:   
Guy Johnson, Village President

Attest:   
Sherry Grant, Village Clerk

## EXHIBIT A

### NOTICE TO ELECTORS OF THE VILLAGE OF SHOREWOOD, WISCONSIN

TAKE NOTICE that the Village Board of the Village of Shorewood, Wisconsin (the "Village"), at a meeting held at Village Hall, 3930 North Murray Avenue, Shorewood, Wisconsin, on May 3, 2010, adopted an Initial Resolution pursuant to Section 66.1103 of the Wisconsin Statutes, as amended, expressing the intention to issue not to exceed \$7,800,000 of industrial development revenue bonds of the Village (the "Bonds") on behalf of Alterra Coffee Roasters, Inc., a Wisconsin corporation, and/or a related entity to be formed (the "Borrower"). The Bonds are for financing a multi-jurisdictional project consisting of the (i) rehabilitation and equipping of an existing approximately 1,800 square foot facility located at 4500 Oakland Avenue in the Village of Shorewood, Wisconsin, to be used by the Borrower for the retail sales of coffee, bakery and other prepared foods; (ii) acquisition, rehabilitation, equipping and expansion of an approximately 24,000 square foot facility located at 2301 South Kinnickinnic Avenue, 2314-2320 South Howell Avenue, and 2328 South Howell Avenue, all in the City of Milwaukee, Wisconsin, to be used by the Borrower to manufacture bakery and other prepared foods, and a cafe for retail sales of coffee, bakery and other prepared foods; (iii) rehabilitation and equipping of an existing approximately 7,200 square foot facility located at 2211 North Prospect Avenue in the City of Milwaukee, Wisconsin, to be used by the Borrower for the retail sales of coffee, bakery and other prepared foods; (iv) acquisition, rehabilitation and equipping of an existing approximately 9,368 square foot facility located at 1210-1251 Washington Street in the Village of Grafton, Wisconsin, a portion which will be used by the Borrower for the retail sales of coffee, bakery and other prepared foods and a portion which will be leased to other retail tenants; and (v) payment of certain costs related to the issuance of the bonds (collectively, the "Project"). The Borrower has represented that: (i) the net number of full-time equivalent jobs which will be created at the Village of Shorewood project site is 15; (ii) the net number of full-time equivalent jobs which will be created at the 2301 South Kinnickinnic Avenue, 2314-2320 South Howell Avenue, and 2328 South Howell Avenue, City of Milwaukee project site is 20; (iii) the net number of full-time equivalent jobs which will be maintained at the 2211 North Prospect Avenue, City of Milwaukee project site is 15, and no new full-time equivalent jobs are expected to be created; and (iv) the net number of full-time equivalent jobs which will be maintained at the Village of Grafton project site is 15, and no new full-time equivalent jobs are expected to be created.

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 Village's interests are not prejudiced thereby.

THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE, NOR SHALL THE BONDS GIVE RISE TO ANY PECUNIARY LIABILITY OF THE VILLAGE, NOR SHALL THE BONDS BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE VILLAGE. 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 VILLAGE AND THE BORROWER.

The Initial Resolution may be inspected in the office of the Village Clerk at 3930 North Murray Avenue, Shorewood, Wisconsin, during business hours.

TAKE FURTHER NOTICE THAT THE ELECTORS OF THE VILLAGE OF SHOREWOOD 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 Village of Shorewood is filed with the Village Clerk requesting a referendum on the question of the issuance of the Bonds, the Village 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 Village of Shorewood voting thereon at a general or special election.

Sherry Grant, Village Clerk  
Village of Shorewood, Wisconsin