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November 3, 2015

TO THE ATTACHED DISTRIBUTION LIST

**RE: \$8,100,000 City of La Crosse, Wisconsin
Industrial Development Revenue Bonds, Series 2016
(S&S Cycle, Inc. Project)**

Greetings:

At the request of S&S Cycle, Inc., a Wisconsin corporation, and/or a related entity, and/or a limited liability entity to be formed (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 S&S Cycle, Inc. Project (the "Initial Resolution") by the Common Council of the City of La Crosse, Wisconsin (the "City of La Crosse") on December 10, 2015. The multi-jurisdictional project consists of financing the (i) acquisition and installation of equipment at the Borrower's facility located at 322 Causeway Boulevard in the City of La Crosse, Wisconsin (the "La Crosse Facility"), (ii) acquisition and installation of equipment at the Borrower's facility located at 14025 Highway G in the Village of Viola, Wisconsin (the "Viola Facility" and collectively with the La Crosse Facility, the "Facilities"), (iii) rehabilitation of the Facilities which are both operated by the Borrower to manufacture motorcycle components, and (iv) payment of certain costs of issuance, all of which would contribute to the well-being of the City of La Crosse and the Village of Viola, Wisconsin (the "Village of Viola").

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

The Initial Resolution is not a commitment to issue bonds, but merely evidences the City of La Crosse'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 of La Crosse only after negotiations for the bond issue have been completed.

As provided in the Project description above, the Project is a multi-jurisdictional Project, a portion of which is located in the City of La Crosse and a portion of which is located in the Village of Viola. Pursuant to Section 66.1103(3)(f) of the Wisconsin Statutes, a municipality 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. Because the proposed Project is currently located in the City of La Crosse and the Village of Viola, the Borrower is requesting both municipalities to consider an Initial Resolution. The Village of Viola will consider an Initial Resolution on or about December 17, 2015. However, the Borrower is requesting that the City of La Crosse be the issuer of the bonds.

Enclosed are the following documents necessary to allow the Common Council to consider the Initial Resolution at its December 10, 2015 meeting:

- (1) Initial Resolution, with the form of Notice to Electors of the City of La Crosse, Wisconsin, attached as Exhibit A;
- (2) Good faith fee estimate letter required under Section 66.1103 of the Wisconsin Statutes;
- (3) A form of the Notice of Public Hearing (the so-called “TEFRA” notice – *both the City of La Crosse and the Village of Viola will hold separate Public Hearings*); and
- (4) Notice of Intent to Obtain a Municipal Industrial Revenue Bond, which contains information regarding job estimates.

We have also enclosed a “Checklist for the City of La Crosse” and a summary for informational purposes.

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

1. November 12, 2015 - Initial Resolution is introduced at Common Council meeting
December 3, 2015 - Finance & Personnel Committee considers Initial Resolution
December 10, 2015 - Common Council considers Initial Resolution
2. For agenda purposes, the City Clerk should describe the Initial Resolution as follows for the December 10, 2015 meeting:

“Consideration of an Initial Resolution Regarding Development Revenue Bond Financing for S&S Cycle, Inc. Project. Information with respect to the job impact of the project will be available at the time of consideration of the Initial Resolution.”

3. The Initial Resolution should be considered by the Common Council at its meeting on December 10, 2015. The meeting 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 December 10, 2015 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.

4. On December 11, 2015, 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 of La Crosse's local newspaper. After the notice is published, the electors of the City of La Crosse 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.

5. 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.

6. 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 of La Crosse) and held before the City of La Crosse Finance and Personnel Committee. The Notice of Public Hearing must be published no later than fourteen (14) days before the TEFRA public hearing. We will notify the City of La Crosse in the future to schedule the TEFRA public hearing date. A representative of the Borrower should attend the TEFRA public hearing.

7. At a future date, the Common Council will consider the Final Resolution. The Common Council meeting must meet the requirements of an open meeting under Sections 19.81 et seq. of the Wisconsin Statutes

8. 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 Whyte Hirschboeck Dudek S.C.) 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 of La Crosse will be considering, from a policy standpoint, whether to encourage the location of the Project in the City of La Crosse. By issuing the bonds, the City of La Crosse 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 of La Crosse will not be liable in any way on the bonds; the bonds are special, limited obligations of the City of La Crosse.

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 Terri Lebrke and returned to us to evidence her receipt of the letter.

An authorized officer of the Borrower should sign the enclosed Notice of Intent to Obtain a Municipal Industrial Revenue Bond (the "Notice of Intent") and return it to me. We will send the signed Notice of Intent to the City Clerk and to Steven Sabatke at the Wisconsin Economic Development Corporation. Whoever attends the City meetings on behalf of the Borrower should bring the signed Notice of Intent.

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

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