

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

SEPTEMBER 14, 2009

Item 13, File #090534

File Number 090534 is a resolution relating to the issuance of industrial development revenue bonds in an amount not to exceed \$1,250,000 for a multi-jurisdictional project of DJS, LLC, to be located in the City of Milwaukee and the Town of Fond du Lac.

Background

1. Section 66.1103 of the Wisconsin Statutes authorizes a municipality to issue and sell bonds (“industrial development revenue bonds”) to finance the construction, equipping, re-equipping, acquisition, installation, reconstruction, rebuilding, rehabilitation, improvement, supplementing, replacing, maintaining, repairing, enlarging, extending or remodeling of industrial projects in the municipality.
2. The Statutes also permit a municipality to finance an industrial project outside its geographic limits provided the revenue agreement for the project also relates to another project of the same eligible borrower located within the geographic limits of the municipality.
3. DJS, LLC, desires to complete a multi-jurisdictional industrial expansion project consisting of: 1) construction of an approximately 7,500-square-foot addition to an existing facility located at 8929 North 107th Street in the City of Milwaukee; 2) acquisition and rehabilitation of an existing facility located at 6446 Rolling Meadows Drive in the Town of Fond du Lac. The project would also include the payment, by DJS, of certain costs related to the issuance of the industrial development bonds.
4. The project will be owned by DJS, which intends to lease it to Weld Specialty Supply Corporation, which will use the facilities for its welding supply distribution business.
5. DJS is seeking financing in the amount and form of up to \$1,250,000 in industrial development revenue bonds for this project.

Discussion

1. With this resolution, the City of Milwaukee finds that the project proposed by DJS, LLC, is a qualified project within the meaning of s. 66.1103, Wis. Stats., and approves the financing of the project in an amount not to exceed \$1,250,000 in industrial development revenue bonds.
2. The industrial development revenue bonds for both the Milwaukee and Fond du Lac portions of the project will be issued by the Town of Fond du Lac.

3. The borrower -- DJS, LLC – will be responsible for finding a purchaser for all of the bonds and shall pay all of the out-of-pocket costs (legal fees, etc.) incurred by the City and by the Town of Fond du Lac in connection with the authorization, issuance and sale of the bonds.
4. On February 24, 2009, the Town of Fond du Lac adopted an initial resolution providing for financing of this project in an amount not exceeding \$1,250,000 from the sale of industrial development revenue bonds.
5. DJS has indicated that this project will create 2 full-time-equivalent jobs at the Milwaukee project site and 3 full-time-equivalent jobs at the Fond du Lac site.
6. Pursuant to federal law, both the City of Milwaukee and the Town of Fond du Lac shall hold duly-notice public hearings at which interested individuals may testify with respect to the nature and locations of the project and the use of industrial development revenue bonds to finance the project.
7. This resolution also directs the City Clerk to publish notice of the adoption of this “Initial Resolution” expressing the intention to issue not more than \$1,250,000 in bonds on behalf of DJS, LLC. This notice shall state that the bonds will be issued unless a petition signed by at least 5% of the registered electors in Milwaukee is filed with the City Clerk within 30 days of publication of the notice, in which case a referendum on the question of issuance of the bonds shall be put before the electorate.

Fiscal Impact

As indicated on the fiscal note for the file, this resolution will have no fiscal impact on the City of Milwaukee. The bonds will not constitute an indebtedness of the City, all costs related to bond issuance will be borne by the borrower and the project property will be subject to property taxation to the same extent as though the project were not financed with bonds.

Prepared by: Jeff Osterman, x2262
LRB-Research & Analysis Section
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cc: Rocky Marcoux
Martha Brown
Jim Scherer
Marianne Walsh