

**MINUTES OF THE BUDGET HEARING
HELD ON TUESDAY, JUNE 23, 2015**

A Budget Hearing for the Board of Education of the School District of the City of Hamtramck, Wayne County, Michigan, was held on Tuesday, June 23, 2015 at 6:30 p.m. in the Administration Building, 3201 Roosevelt. The meeting was called to order by President Srodek at 6:28 p.m.

Present: Members Srodek, Major, Lukas, Starr, Khan and Huda

Absent: Member Shulgon

School District City of Hamtramck
Amended Budget 2014-2015 School Year

The Final Amended Budget for 2014-2015 was presented by Ms. Lynem and Mr. Niczay

School District City of Hamtramck
Proposed Budget 2015-2016 School Year

The Proposed Budget for 2015-2016 was presented by Ms. Lynem and Mr. Niczay.

AWARDING OF BID

Motion by Member Srodek
Seconded by Member Starr

RESOLVED, based on the recommendation of the Superintendent of Schools and the Director of Building and Grounds, that the Board of Education does hereby award the bid for Kitchen Equipment and Installation at Hamtramck High School to **Cedroni Associates**, being the lowest bidder meeting specifications, amount not to exceed \$146,400.00.

Ayes: Members Srodek, Major, Lukas, Starr, Khan and HUda

Nays: None

Absent: Member Shulgon

MOTION CARRIED.

AWARDING OF BID

Motion by Member Lukas
Seconded by Member Starr

RESOLVED, based on the recommendation of the Superintendent of Schools and the Director of Building and Grounds, that the Board of Education does hereby award the bid for Door Replacement and Access Controls districtwide to **Peterson Glass Company**, being the lowest bidder meeting specifications, amount not to exceed \$333,300.00.

Ayes: Members Srodek, Major, Lukas, Starr, Khan and HUda

Nays: None

Absent: Member Shulgon

MOTION CARRIED.

APPROVAL OF FINAL AMENDED BUDGET 2014-2015 SCHOOL YEAR

Motion by Member Lukas
Seconded by Member Khan

RESOLVED, that the Board of Education does hereby approve the Final Amended 2014-2015 Budget as presented.

Ayes: Members Srodek, Major, Lukas, Starr, Khan and Huda

Nays: None

Absent: Member Shulgon

MOTION CARRIED.

APPROVAL OF PROPOSED BUDGET 2015-2016 SCHOOL YEAR

Motion by Member Khan
Seconded by Member Major

RESOLVED, that the Board of Education does hereby approve the Proposed 2015-2016 Budget as presented.

Ayes: Members Srodek, Major, Lukas, Starr, Khan and Huda

Nays: None

Absent: Member Shulgon

MOTION CARRIED.

SETTING OF TAX RATES FOR 2015-2016

Motion by Member Lukas
Seconded by Member Srodek

RESOLVED, that the Hamtramck Board of Education, after reviewing the budgetary needs of the School District and review of the maximum allowable millage levy, set the school tax millage rates for the fiscal year 2015-2016 as follows:

18.0 Mills	On Non-Homestead Taxable Value
4.398 Mills (Recreation)	All taxable value
4.00 Mills (Sinking Fund)	All taxable value

Ayes: Members Srodek, Major, Lukas, Starr, Khan and Huda

Nays: None

Absent: Member Shulgon

MOTION CARRIED.

APPROVAL OF STATE AID NOTE

Motion by Member Lukas
Seconded by Member Major

WHEREAS, under the terms of Section 1225 of Act 451, Public Acts of Michigan, 1976, as amended (the “Act”), the School District is authorized to borrow money for school operations and issue its notes therefor, in one or more series, pledging for the payment thereof moneys to be received by it pursuant to the State School Aid Act of 1979, Act 94, Public Acts of Michigan, 1979, as amended (the “State Aid Act”), which notes shall be the full faith and credit obligation of the School District; and

WHEREAS, the estimated amount of the state school aid appropriations allocated or to be allocated to the School District for the fiscal year ending June 30, 2016 and expected to be received by the School District from October 2015 through August 2016, inclusive (the “2015/2016 State Aid” or the “Pledged State Aid”), is shown in paragraph 1 of Exhibit A; and

WHEREAS, the School District has the need to borrow the sum of not to exceed the amount shown in paragraph 2 of Exhibit A to pay operating expenses for the fiscal year ending June 30, 2016, which amount is estimated to be not more than 70% of the difference between the total state school aid funds apportioned or to be apportioned to the School District for the 2015/2016 State Aid and that portion of the 2015/2016 State Aid already received or pledged; and

WHEREAS, the School District plans to issue or has issued notes, bonds or other obligations subject to Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), relating to arbitrage and the rebate thereof, including but not limited to federally tax-exempt obligations and Qualified Zone Academy Bonds, not including this borrowing, during calendar year 2015 in the aggregate principal amount shown in paragraph 3 of Exhibit A; and

WHEREAS, the School District determines that it is in its best interest to borrow the sum of not to exceed the amount shown in paragraph 2 of Exhibit A and issue the general obligation notes in one or more series (the “Note” or “Notes”) of the School District therefor to the Michigan Finance Authority (the “Authority”).

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School District, pursuant to Section 1225 of the Act, shall issue its Notes in one or more series in order to borrow for the above purpose a sum not to exceed the amount shown in paragraph 2 of Exhibit A, the final amount and series designation to be determined by an officer designated in paragraph 4 of Exhibit A, or a designee who shall be a member of the administrative staff or board of education of the School District (each an “Authorized Officer”), prior to the sale of the Notes, or such portion thereof as the Michigan Department of Treasury (the “Treasury”) may approve, if prior approval is necessary, and issue the general obligation Notes of the School District therefor in anticipation of the distribution of the Pledged State Aid.

2. The Notes shall be issued in one or more series, bear interest at the rate or rates determined on the sale thereof, which shall not exceed the maximum rate permitted by law at the time of sale, be dated as set forth in paragraph 5 of Exhibit A, or as of the date of delivery, and be due and payable on the date shown in paragraph 5 of Exhibit A. The Notes shall be payable in lawful money of the United States of America at a bank or trust company qualified to act as paying agent in the State of Michigan, as shall be designated by the Authority. The Notes shall be in denominations to be determined by an Authorized Officer prior to the sale of the Notes. The Notes shall not be subject to redemption prior to maturity, except for any mandatory redemption or mandatory payment provisions specified in the Purchase Contract described below.

3. The School District hereby appropriates a sufficient amount of the Pledged State Aid to repay the principal of and interest on the Notes. In addition, the full faith and credit of the School District is hereby irrevocably pledged for payment of the principal of and interest on the Notes and, in case of the insufficiency of the Pledged State Aid, the School District shall pay the Notes from any funds legally available therefor, and, if necessary, levy sufficient taxes on all taxable property in the School District for the payment thereof, subject to applicable constitutional and statutory tax rate limitations.

4. In the event any Authorized Officer determines that it is in the best interest of the School District to choose to pay all or a portion of the principal and interest on the Notes with set-aside installments, the following provisions in this paragraph 4 shall apply:

Moneys to pay the principal and interest on the Notes when due shall be set aside in a separate fund with the depository designated in the Purchase Contract described below (the "Depository") in three (3), five (5) or seven (7) consecutive monthly set-aside installments (the "Installment" or "Installments"), ending on July 20, 2016, and earlier on the 20th day of each month (or in the case of February, the 22nd, and in the case of March, the 21st), or such other state school aid payment date as may be provided for under state law (each a "Payment Date"). If a Payment Date falls on a Saturday, Sunday or legal holiday, the Payment Date shall be the next regular business day. The payment to the Depository shall be made first from the Pledged State Aid received during the month of the Installment. If, for any reason, the Pledged State Aid received during the month of the Installment is insufficient to pay the Installment, then in that event the School District pledges to use any and all other available funds to meet the Installment obligation. If the School District fails to set aside all or any portion of an Installment (the "Installment Shortfall") on the Payment Date, the Authority is authorized, pursuant to Section 17a(3) of the State Aid Act, to intercept 100% of the Pledged State Aid to be distributed to the School District beginning with the month following the School District's failure to meet the Installment obligation and all months thereafter, in accordance with the terms and conditions of the Purchase Contract (the "Purchase Contract") between the Authority and the School District. Beginning with the month following the Installment Shortfall, the Authority shall intercept 100% of the Pledged State Aid to be distributed to the School District and apply the intercepted amount on the following priority basis: (A) the Installment Shortfall; (B) the current month's Installment; and (C) any amounts remaining to be immediately distributed to the School District. The intercept process set forth above shall continue each month following the Installment Shortfall until sufficient funds are deposited with the Depository to pay the total principal and interest on the

Notes. The maximum amount of each Installment will not exceed 50% of the amount of Pledged State Aid due to the School District in any set-aside month.

If the School District has failed to deposit all or a portion of an Installment by the last regular business day of the month of the Installment, the Depository is authorized and directed to give written notice to the Authority, the State Treasurer and the School District on the first regular business day following the last regular business day of the month of the failure to deposit all or a portion of the Installment. Upon receipt of such written notice from the Depository, the Authority shall promptly notify the School District that it will immediately commence to intercept 100% of the Pledged State Aid.

If on the date of the final Installment as specified in Schedule I to the Purchase Contract, the funds with the Depository are insufficient to pay the principal of and interest on the Notes when due, the School District, pursuant to Section 17a(3) of the State Aid Act to the extent necessary to meet the payment obligation, assigns to the Authority and authorizes and directs the State Treasurer to advance all or part of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing the payment has been made.

Any Authorized Officer is further authorized to agree, if required by the Authority, to assign to the Authority and authorize and direct the State Treasurer to intercept all or part of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing the state school aid payment has been made pursuant to Section 17(a)(3) of the State Aid Act.

[Any Authorized Officer is further authorized to determine that each Installment is a partial mandatory redemption of a particular series of the Notes and that the last Installment is the maturity date of that series of the Notes, and such determination shall be conclusively evidenced by the Purchase Contract described below.](#)

5. Any Authorized Officer is authorized to sell all or a portion of the Notes to the Authority without an Installment payment schedule (the "No Set-Aside Notes") pursuant to the provisions of this resolution. In that event: (a) any Authorized Officer is further authorized to agree, if required by the Authority, to assign to the Authority and authorize and direct the State Treasurer to intercept or advance all or part of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing the state school aid payment has been made pursuant to Section 17a(3) of the State Aid Act; (b) the School District acknowledges that payment of the principal and interest on certain of the No Set-Aside Notes may be secured by a direct-pay letter of credit issued for the account of the Authority and the School District by one or more providers selected by the Authority (each a "Letter of Credit"; and each issuer a "Letter of Credit Bank"); (c) it shall not be deemed a default by the School District under the provisions of the Purchase Contract or the No Set-Aside Notes if the principal and interest on the No Set-Aside Notes shall have been paid in full when due to the Authority from proceeds of a drawing on the Letter of Credit and the drawing on the Letter of Credit is reimbursed by the School District on the designated date set forth in the reimbursement agreement relating to the Letter of Credit; and (d) the School District appoints the Authority as its agent to enter into the reimbursement agreement for and on behalf of the School District, if required by the Authority, as well as on the

Authority's own behalf, and the School District agrees to be referred to as an account party in the Letter of Credit obtained by the Authority to secure payment of the No Set-Aside Notes and a series of the Authority's State Aid Revenue Notes issued to finance the Authority's purchase of the No Set-Aside Notes.

6. The President and Secretary of the Board of Education shall execute the Notes on behalf of the School District, and the executed Notes shall be delivered to the Authority upon the receipt of the purchase price therefor. The Vice-President, Treasurer or Superintendent may execute the Notes instead of either the President or Secretary. The foregoing officials are hereby authorized to execute and deliver a temporary Note or Notes and exchange, when available, final printed Notes therefor at the request of the Authority.

7. Unless the Notes are issued as federally taxable, the School District hereby covenants for the benefit of all holders of the Notes to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be or continue to be excluded from gross income for federal income taxation purposes, including, but not limited to, requirements relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Note proceeds and moneys deemed to be Note proceeds.

8. If necessary, any Authorized Officer or designee is hereby authorized to make application to Treasury for and on behalf of the School District for an order approving the issuance of the Notes and to pay any applicable fee therefor, or a post-issuance filing fee, as applicable.

9. The President, Vice-President, Secretary, Treasurer, Superintendent, individual acting in the capacity of the school business official, or designee and any Authorized Officer are further authorized to execute any documents or certificates necessary to complete the transaction including, but not limited to, any certificates relating to federal or state securities laws, rules or regulations.

10. The Notes shall be sold to the Authority and the following provisions shall apply:

a. Any Authorized Officer or designee is hereby authorized to execute and deliver one or more Purchase Contracts with the Authority (which shall be determined by whether one or more series of Notes are issued hereunder) in substantially the form attached hereto as Exhibit B reflecting the terms and conditions of the borrowing with such additions, deletions or substitutions (including without limitation additions, deletions or substitutions required by any Letter of Credit Bank(s) or any original purchaser(s) of the State Aid Revenue Notes issued by the Authority to finance its purchase of the No Set-Aside Notes), as the Authority and any Authorized Officer or designee shall deem necessary and appropriate, including the number of set-asides, if any, and their dates and amounts, and not inconsistent with the provisions of this resolution. The choice of whether to make Installments for the Notes and/or the number, dates and amounts of Installments shall be conclusively evidenced by the Purchase Contract. The Purchase Contract shall include the School District's agreement with respect to any Installment not received by the Depository from the School District on the Payment Date, to pay the

Authority an amount as invoiced by the Authority to recover its administrative costs and lost investment earnings attributable to that late payment.

b. Any Authorized Officer or designee is further authorized to approve the specific interest rate(s) to be borne by the Notes, not exceeding the maximum rate permitted by law, the purchase price of the Notes, not less than the price specified in paragraph 6 of Exhibit A, a guaranteed investment agreement or other permitted investment in accordance with state law for funds paid to the Depository, if applicable, direct payments of Pledged State Aid to and if required by the Authority, and other terms and conditions relating to the Notes and the sale thereof.

c. The form of the Notes shall contain the following language in substantially the form set forth below as applicable, with such additions, deletions or substitutions (not inconsistent with the Purchase Contract) as the Authority and any Authorized Officer or designee shall deem necessary and appropriate:

Series C-1 (with set-asides)

To the extent permitted by law, the principal of and interest on this Note which remains unpaid after this Note has matured shall bear interest until paid at an interest rate per annum based upon a 360-day year for the actual number of days elapsed equal to two percent (2%) above the stated interest rate on the Authority's State Aid Revenue Notes, Series 2015C-1.

Series C-2 and any additional Series (without set-asides)

To the extent permitted by law, the principal of and interest on this Note which remains unpaid after this Note has matured and all other outstanding and unpaid Payment Obligations (as that term is defined in the Purchase Contract) shall bear interest until paid at an interest rate per annum based upon a 365/366 day year for the actual number of days elapsed or otherwise as provided in the Purchase Contract equal to the Default Fee or the default interest rate as described in Schedule I to the Purchase Contract.

11. By opting to issue its Notes to the Authority, the School District hereby determines that it is in the best interest of the School District to issue its Notes to the Authority rather than sell the Notes at a competitive sale based upon the historical performance of the Authority's note pool program whereby competitive interest rates and reduced costs of issuance are obtained by pooling several participating school districts in one or more series of notes.

12. Within fifteen (15) business days after issuance of the Notes, the Board hereby authorizes and directs the Superintendent to cause to be filed with Treasury any and all documentation required subsequent to the issuance of the Notes, along with any statutorily required fee.

13. The series of Notes issued hereunder are of equal standing as to the Pledged State Aid. The School District reserves the right to issue additional notes or other obligations of equal standing with the Notes as to the Pledged State Aid with the prior written consent of an authorized officer of the Authority. The School District further resolves that the amount payable as to principal and interest on the Notes plus the amount payable as to principal and interest on or prior to the maturity date of the Notes on any additional notes or other obligations of equal standing with the Notes as to payment from Pledged State Aid will not exceed 75% of the amount of Pledged State Aid.

14. To provide additional security for the payment of the Notes if and when required by the Authority as provided in the Purchase Contract, the School District hereby irrevocably authorizes the direct deposit by its local taxing units of the proceeds of 100% of the operating tax revenues collected for the School District, and the delinquencies thereon, in accordance with the terms and conditions of one or more Tax Intercept Agreements (each a "TIA") among the School District, its local taxing units that collect such tax revenues on behalf of the School District ("Local Units") and a depository, in substantially the form of Exhibit C attached hereto, with such additions, deletions or substitutions (including without limitation additions, deletions or substitutions reasonably required by any Local Unit), as the Authority and any Authorized Officer or designee shall deem necessary and appropriate. In addition, the Authorized Officer or designee is hereby authorized and directed to execute and deliver to the Authority, concurrently with the School District's delivery of the Notes, one or more TIAs as requested by the Authority, each substantially in the form of the attached Exhibit C, to be modified if required by the Authority, it being understood that within thirty (30) days after the Authority's giving notice to the School District requiring any TIA as provided in the Purchase Contract, the School District in cooperation with the Authority and its counsel, including the Office of the Michigan Attorney General, will take into account any special financial circumstance of the School District and any TIA changes requested by any Local Unit with the mandatory duty to have each required TIA fully executed and delivered by every party to such TIA within such 30-day period.

15. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

Ayes: Members Srodek, Major, Lukas, Starr, Khan and Huda

Nays: None

Absent: Member Shulgon

MOTION CARRIED.

ADJOURNMENT

Motion by Member Lukas
Seconded by Member Khan

RESOLVED, that the Board of Education does hereby adjourn the Special Meeting.

Ayes: Members Srodek, Major, Lukas, Starr, Khan and Huda

Nays: None

Absent: Member Shulgon

MOTION CARRIED.

The Budget Hearing adjourned at 8:07 p.m.

Respectfully submitted,

Hedy Shulgon, Secretary

Approved by:

Magdalena Srodek, President