

SCHOOL DISTRICT OF THE CITY OF ROYAL OAK
1123 Lexington Boulevard
BOARD OF EDUCATION
REGULAR MEETING

JANUARY 14, 2010
7:00 P.M.
ANNOTATED
AGENDA

1. Opening of Meeting
2. Pledge of Allegiance
3. President's Comment
 - 3.1 Curriculum/Instruction Update
 - 3.1.1 Teacher Websites
 - 3.2 Economic/Budget/Audit Update
 - 3.3 January/February Board Workshop Determination
4. Communications
5. Opportunity for Citizens to Speak

If you would like to address the Board of Education:

Please remain seated and raise your hand. When you are called on by the Board President, please come to the microphone, state your name and address for the record. You will have 3 minutes to address the Board. Please address the Board as a whole and not individually. When you are finished, please sign the sign-in sheet before you return to your seat. If you exceed your 3 minutes the Board President will ask you to please finish your comments, if you need more time you are offered a second opportunity to address the Board at the end of the meeting with an additional 3 minutes. Thank you in advance for your cooperation.

6. Superintendent's Comments
7. ***Consent Agenda Item Considerations**
8. ***Approval of Minutes of the Discussion and Regular Meetings of December 10, 2009**

Resolved that the Board of Education of the School District of the City of Royal Oak approves the minutes of the Discussion and Regular Meetings of December 10, 2009.

9. Personnel/Instruction/Business

9.1 *Regular Personnel Changes

RESOLVED that the Board of Education of the School District of the City of Royal Oak hereby approves the following regular personnel changes:

<u>NAME</u>	<u>POSITION</u>	<u>ACTION</u>	<u>EFFECTIVE DATE</u>
Hall, Collin	Teacher	New Hire	01/04/10

9.2 *Field Trip Request – ROHS – Wrestling Team Midland Request

Recommendation:

Resolved that the Board of Education of the School District of the City of Royal Oak approves the request for the wrestling team from Royal Oak High School to Midland from January 22 – 23, 2010.

9.3 *Payment of Expenditures

Recommendation:

Resolved that the Board of Education of the School District of the City of Royal Oak hereby approves expenditures as processed in the amount of \$8,811,816.06 for the period of October 24, 2009 through November 27, 2009.

Expenses in the amount of \$8,811,816.06 for the period of October 24, 2009 through November 27, 2009 as detailed in the Expenditure Register are presented for approval.

9.4 Center Program Operator Status for 2010-11 Recommendation

Recommendation:

Resolved that the Board of Education of the School District of the City of Royal Oak hereby approves the recommendation that the District will cease to be a Center Program Operator for the Moderately Cognitively Impaired and Physically Impaired Programs effective June 30, 2010.

9.5 Cash Flow Borrowing Recommendation

Recommendation:

WHEREAS, under the terms of Section 1225 of Act 451, Public Acts of Michigan, 1976, as amended (the “Act”), a school district is authorized to borrow

money for school operations and issue its notes therefor, pledging for the payment thereof monies 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 such state aid appropriations allocated or to be allocated to the School District for the fiscal year ending June 30, 2010 (the "2009/2010 State Aid"), is as shown in paragraph 1 of Exhibit A; and

WHEREAS, the estimated amount of 2009/2010 State Aid allocated to or to be allocated to the School District pursuant to Section 20(2) of the State Aid Act and expected to be received by the School District from February 2010 through August 2010 is shown in paragraph 2a of Exhibit A (the "Pledged State Aid"); and

WHEREAS, the estimated amount of 2010/2011 state aid allocated or to be allocated to the School District pursuant to Section 20 of the State Aid Act expected to be received by the School District in October 2010 is shown in paragraph 2b of Exhibit A (the "October 2010 State Aid"); and

WHEREAS, the School District has the need to borrow the sum of not to exceed the amount shown in paragraph 4 of Exhibit A, to pay operating expenses for the current fiscal year ending June 30, 2010, which amount is estimated to be not more than 70% of the difference between the total state aid funds apportioned to the School District for 2009/2010 State Aid and that portion of the 2009/2010 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 tax-exempt obligations, Build America Bonds, Qualified School Construction Bonds and Recovery Zone Economic Development Bonds not including this borrowing, in calendar year 2010 in the aggregate amount shown in paragraph 3 of Exhibit A; and

WHEREAS, the School District expects to receive approval of its Qualifying Statement filed for 2009 with the Department of Treasury ("Treasury") and will have qualified status for 2008 through the end of January 2010; and

WHEREAS, the School District determines it is in its best interest to borrow the sum of not to exceed the amount shown in paragraph 4 of Exhibit A and issue the general obligation notes (the "Note" or "Notes") of the School District therefor and to authorize certain other actions related thereto.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School District, pursuant to Section 1225 of the Act, shall borrow for the above purpose a sum not to exceed the amount shown in paragraph 4 of Exhibit A, the final amount to be determined by the officer designated in paragraph 5 of Exhibit A or his/her designee who shall be a member of the administrative staff or Board of Education of the School District (the "Authorized Officer"), prior to the sale of the Notes, or such part thereof as may be approved by the appropriate State agency, if prior approval is necessary, and issue the general obligation Notes of the School District therefor, in anticipation of the distribution of Pledged State Aid for the fiscal year ending June 30, 2010. The Notes may be issued in one or more series as determined by the Authorized Officer.

2. The Notes shall be designated "State Aid Notes, Series 2010," or such other or additional designation as determined by the Authorized Officer at the time of the sale. The Notes shall bear interest at the rate or rates payable on the date or dates determined on sale thereof, but not to exceed the maximum rate permitted by law at the time of sale, be dated as set forth in paragraph 6 of Exhibit A, or as of the date of delivery, and be due and payable on the date shown in paragraph 7 of Exhibit A. The Notes shall be payable in lawful money of the United States of America at a bank or trust company in the State of Michigan qualified to act as paying agent as shall be designated by the purchaser of the Notes. The Notes shall be in the denomination of \$1,000, \$5,000 or \$100,000 or multiples or combinations thereof. The Notes shall not be subject to redemption prior to maturity.

The Notes may be issued in book-entry-only form through The Depository Trust Company in New York, New York ("DTC"), and the Authorized Officer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Notes in book-entry-only form and to make such changes in the Note form within the parameters of this resolution as may be required to accomplish the foregoing.

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 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. If the timing of the sale is compatible with the timing of the Michigan Municipal Bond Authority's (the "Authority") pool, and the Authority's credit requirements are attractive to the School District as determined by the Authorized Officer, the Notes shall be sold on a negotiated basis to the Authority 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. The Authorized Officer or his/her designee is further authorized to select the method

of sale of the Notes to the purchaser, as shall be determined to be in the best interest of the School District and not in conflict with the limitations set forth in this resolution. The School District may sell its Notes to (a) the Authority; or (b) by competitive or negotiated sale with a financial institution. If the Notes are sold by competitive sale the Authorized Officer shall complete and publish a Notice of Sale in substantially the form set forth in Exhibit C to this resolution.

5. If the School District sells the Notes to the Authority and, in the event the Authority determines that the principal of and interest on the Notes shall be paid with set aside installments, the following provisions in this paragraph 5 shall apply. Monies 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 installments acceptable to the Authority (the "Installment" or "Installments"), on such dates as may be provided for under the Purchase Contract (each a "Payment Date"). If the 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 state school aid received during the month of the Installment. If, for any reason, the 2009/2010 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 set aside Installment obligation. If the School District fails to set aside all or any portion of an Installment (the "Installment Shortfall") on any 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) only if such intercepted amount is subject to a prior lien in favor of the Authority for any outstanding note or notes of the School District, if any, issued in August 2009 and has also been intercepted to supply the previous month's installment shortfall and the current month's installment on such outstanding note or notes of the School District, the amount (if any) necessary to supply such previous month's installment shortfall and current month's installment on such outstanding note or notes of the School District; (B) the Installment Shortfall; (C) the current month's Installment; and (D) 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 Pledged State Aid due to the School District in each set aside month shall under no circumstances be less than the total amount of one Installment and any current installments on other outstanding notes of the School District.

If the School District has failed to deposit all or a portion of the 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. Beginning immediately 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 August 21, 2010, 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 aid payment which is dedicated for distribution or for which the appropriation authorizing the payment has been made and which may include, if specified in the Purchase Contract, the October 2010 State Aid.

6. The 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 aid payment which is dedicated for distribution or for which the appropriation authorizing the state aid payment has been made pursuant to Section 17a(3) of the State Aid Act.

7. The Authorized Officer is authorized to sell all or a portion of the Notes to the Authority without a set aside payment schedule pursuant to the provisions of this paragraph 7. In that event: (a) the 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 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 the Notes may be secured by a direct-pay letter of credit issued for the account of the Authority and the School District by a provider or providers selected by the Authority (the "Letter of Credit"); (c) it shall not be deemed a default by the School District under the provisions of the Purchase Contract or the Notes if the principal and interest on the 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 Notes and the Authority's notes.

8. The President and Secretary of the Board of Education shall execute the Notes on behalf of the School District by manual or facsimile signature and the executed Notes shall be delivered to the Treasurer who shall

cause the Notes to be delivered to the purchaser thereof 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. In the event the Notes are executed by the facsimile signature of the foregoing, the Notes shall be authenticated in the manner approved by the Authorized Officer. The foregoing officials are hereby authorized to execute and deliver a temporary Note or Notes and exchange, when available, final printed Note or Notes therefor at the request of the purchaser of the Notes. Any reference to an officer or employee of the School District in this resolution shall include any interim or acting officer or employee appointed by the School District.

9. 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.

10. The President, Vice-President, Secretary, Treasurer, Superintendent or his/her designee and the 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.

11. If the School District sells the Notes to the Authority, the following provisions shall apply:

A. The Authorized Officer or designee is hereby authorized to execute and deliver a Purchase Contract with the Authority in substantially the form attached hereto as Exhibit B reflecting the terms and conditions of the borrowing with such additions, deletions or substitutions as the Authorized Officer or designee shall deem necessary and appropriate, including the number of set asides, if any, and their dates and amounts (whether equal or unequal), and not inconsistent with the provisions of this resolution. The choice of whether to make set aside Installments for the Notes and/or the number, dates and amounts of set aside Installments shall be conclusively evidenced by the Purchase Contract. The Purchase Contract shall include the School District's agreements 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. The Authorized Officer or designee is further authorized to approve the specific interest rate 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 8 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, the number of set aside installments authorized 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:

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 2010A.

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 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 equal to the Reimbursement Rate as defined in Schedule I to the Purchase Contract.

12. If sold at a competitive or negotiated sale other than to the Authority, the Notes shall be dated on such date, shall mature on such date, shall be issued in such principal amount, shall bear such interest rate, shall be sold at such price and be in such denominations as may be determined by the Authorized Officer of the School District, but in each case within the parameters set forth in Exhibit A to this resolution. If sold at a competitive sale, the Authorized Officer is hereby authorized to award the Notes to the bidder whose bid produces the lowest interest cost to the School District and is within the parameters set forth in Exhibit A to this resolution. If sold at a negotiated sale, the Authorized Officer is authorized to enter into an agreement on behalf of the School District with a financial institution for such sale within the parameters of Exhibit A to this resolution, and, if such officer determines it to be in the interest of the School District, the Authorized Officer is authorized to enter into agreements providing for a credit enhancement as security for payment of the Notes.

13. The School District acknowledges that the Pledged State Aid allocated and expected to be received from February through August 2010 constitutes a lien on said state aid subordinate only to the lien in favor of the Authority for the School District's outstanding state aid notes or notes, if any, issued in August 2009. The School District reserves the right to and agrees that it may only 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.

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

15. The representation of the School District by Miller, Canfield, Paddock and Stone, P.L.C. as note counsel is hereby approved, notwithstanding Miller, Canfield's representation of the Authority in this and unrelated matters and other potential parties to the transaction in unrelated matters. The School District retains Miller, Canfield, Paddock and Stone, P.L.C. to perform an arbitrage rebate analysis and prepare a rebate return for the Notes, if necessary.

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

- 10. Board Action and Non-Action Items
- 11. Opportunity for Citizens to Speak
- 12. Board Comments/Liaison Report
- 13. Closed Session – Negotiations Update

Recommendation:

Resolved that the Board of Education of the School District of the City of Royal Oak adjourns to a closed session for the purpose of discussing negotiations as is permissible under the Open Meetings Act 15.268, Section 8, subsection (c).

- 14. Reconvene
- 15. Adjournment

[This meeting is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public community meeting. There is a time for public participation during the meeting as indicated in agenda item "Opportunity for Citizens to Speak."]