

**BOARD OF EDUCATION
May 18, 2015
BUDGET and FINANCE**

AGENDA ITEM: RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$5,000,000 TAXABLE NOTE ANTICIPATION NOTES PURSUANT TO SECTION 67.12(1)(b), WISCONSIN STATUTES

PRESENTING: David Hazen, COO

DESCRIPTION: The Board of Education approved borrowing for making improvements, new buildings and major maintenance repairs to District schools. The Board has approved three school projects, Knapp, O Brown and Gifford. This borrowing will allow the District to utilize first year referendum funds as a down payment for the initial cost of the projects. The borrowing was for \$5,000,000.

FISCAL NOTE: The interest rate is 1.68% and the purchaser of the note is Johnson Bank. Payments will be made for from savings from operations in the 14/15 fiscal year. This will use \$5 million of the \$50 million of debt authority the Board has for the projects.

RECOMMENDATION: Approve the resolution allowing the issuance of the bonds.

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$5,000,000
TAXABLE NOTE ANTICIPATION NOTE
PURSUANT TO SECTION 67.12(1)(b), WISCONSIN STATUTES

WHEREAS, on March 16, 2015, the School Board of the Racine Unified School District, Racine County, Wisconsin (the "District") adopted a resolution entitled: "Initial Resolution Authorizing General Obligation Bonds in an Amount Not to Exceed \$50,000,000 and Calling a Public Hearing in Connection Therewith" (the "Initial Resolution") authorizing the issuance of general obligation bonds (the "Bonds") in an amount not to exceed \$50,000,000 for the public purpose of paying the cost of constructing building additions and capital improvement projects at District buildings and grounds; and acquiring furnishings, fixtures and equipment (the "Project");

WHEREAS, pursuant to the provisions of Section 67.05, Wisconsin Statutes, within 10 days following the adoption of the Initial Resolution, the District Clerk caused a notice to electors to be published in The Journal Times, stating the purpose and maximum principal amount of the bond issue authorized by the Initial Resolution and describing the public hearing to be held and the opportunity and procedure for submitting a petition requesting a referendum on the bond issue authorized by the Initial Resolution;

WHEREAS, the School Board of the District held a public hearing on March 30, 2015 for informational purposes only regarding the Initial Resolution, the Project and the borrowing, which was within 10 days following the publication of the notice to electors;

WHEREAS, no petition for referendum was filed with the District Clerk, and the time to file such a petition has expired;

WHEREAS, the School Board has heretofore found and determined that the Project is within the District's power to undertake and therefore serves a "public purpose" as that term is defined in Section 67.04(1)(b), Wisconsin Statutes;

WHEREAS, school districts are authorized by the provisions of Chapter 67, Wisconsin Statutes, to borrow money and issue general obligation bonds or promissory notes for such public purposes;

WHEREAS, in accordance with Sections 67.05, 67.05(6a) and 67.12(12)(e)2, Wisconsin Statutes, by adoption of the Initial Resolution and by holding a public hearing for informational purposes with no petition for a referendum having been filed, the District is authorized to issue and sell general obligation bonds or promissory notes (collectively, the "Securities") to provide permanent financing for the Project;

WHEREAS, the Securities have not yet been issued or sold;

WHEREAS, school districts are authorized by the provisions of Section 67.12(1)(b), Wisconsin Statutes, to issue note anticipation notes in anticipation of receiving the proceeds from the issuance and sale of the Securities;

WHEREAS, due to certain provisions contained in the Internal Revenue Code of 1986, as amended, it is necessary to issue such note anticipation notes on a taxable rather than tax-exempt basis;

WHEREAS, it is the finding of the School Board that it is necessary, desirable and in the best interest of the District to authorize the issuance and sale of a \$5,000,000 note anticipation note pursuant to Section 67.12(1)(b), Wisconsin Statutes (the "Note" or "Notes"), in anticipation of receiving the proceeds from the issuance and sale of the Securities to provide interim financing to pay a \$5,000,000 portion of the cost of the Project; and

WHEREAS, it is the finding of the School Board that it is necessary, desirable and in the best interest of the District to sell the Note to Johnson Bank (the "Purchaser"), pursuant to the terms and conditions of its proposal attached hereto as Exhibit A and incorporated herein by this reference (the "Proposal").

NOW, THEREFORE, BE IT RESOLVED by the School Board of the District that:

Section 1. Covenant to Issue the Securities. The District has heretofore authorized the issuance of the Securities pursuant to the Initial Resolution. The District hereby declares its intention and covenants to issue the Securities pursuant to the provisions of Chapter 67, Wisconsin Statutes, in an amount sufficient to retire any outstanding note anticipation notes issued for the purpose of paying the cost of a portion of the Project.

Section 2. Authorization and Sale of the Note. In anticipation of the sale of the Securities, for the purpose of paying a portion of the cost of the Project, there shall be borrowed pursuant to Section 67.12(1)(b), Wisconsin Statutes, the principal sum of FIVE MILLION DOLLARS (\$5,000,000) from the Purchaser in accordance with the terms and conditions of the Proposal. The Proposal is hereby accepted and the District President and District Clerk or other appropriate officers of the District are authorized and directed to execute an acceptance of the Proposal on behalf of the District. To evidence the obligation of the District, the District President and District Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to the Purchaser for, on behalf of and in the name of the District, the Note aggregating the principal amount of FIVE MILLION DOLLARS (\$5,000,000) for the sum set forth on the Proposal, plus accrued interest to the date of delivery.

Section 3. Terms of the Note. The Note shall be designated "Taxable Note Anticipation Note"; shall be issued in the aggregate principal amount of \$5,000,000; shall be dated its date of issuance; shall be in the denomination of \$100,000 or more; shall be numbered R-1; and shall bear interest at the rate and mature on _____, 2015 as set forth on the schedule attached hereto as Exhibit B and incorporated herein by this reference (the "Schedule"). Interest is payable at maturity. Interest shall be computed upon the basis of the actual number of days elapsed over a 360-day year and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

Section 4. Redemption Provisions. The Note shall be subject to prepayment prior to maturity in whole or in part, at the option of the District, on any date at par, plus accrued interest to the date of prepayment.

Section 5. Form of the Note. The Note shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit C and incorporated herein by this reference.

Section 6. Security. The Note shall in no event be a general obligation of the District and does not constitute an indebtedness of the District nor a charge against its general credit or taxing power. No lien is created upon the Project or any other property of the District as a result of the issuance of the Note. The Note shall be payable only from (a) any proceeds of the Note set aside for payment of interest on the Note as it becomes due and (b) proceeds to be derived from the issuance and sale of the Securities, which proceeds are hereby declared to constitute a special trust fund, hereby created and established, to be held by the District Clerk and expended solely for the payment of the principal of and interest on the Note until paid. The District hereby agrees that, in the event such monies are not sufficient to pay the principal of and interest on the Note when due, if necessary, the District will pay such deficiency out of its annual general tax levy or other available funds of the District; provided, however, that such payment shall be subject to annual budgetary appropriations therefor and any applicable levy limits; and provided further, that neither this Resolution nor any such payment shall be construed as constituting an obligation of the District to make any such appropriation or any further payments.

Section 7. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the District a separate and distinct fund account designated as the "Debt Service Fund Account for \$5,000,000 Taxable Note Anticipation Note - 2015" (the "Debt Service Fund Account"), and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. The District Treasurer shall deposit in the Debt Service Fund Account (i) all accrued interest received by the District at the time of delivery of and payment for the Notes; (ii) any proceeds of the Notes representing capitalized interest on the Notes or other funds appropriated by the District for payment of interest on the Notes, as needed to pay the interest on the Notes when due; (iii) proceeds of the Securities (or other obligations of the District issued to pay principal of or interest on the Notes); (iv) such other sums, including tax monies, as may be necessary at any time to pay principal of and interest on the Notes when due and which are appropriated by the School Board for that purpose; and (v) surplus monies in the Borrowed Money Fund as specified in Section 9 hereof.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Notes until all such principal and interest has been paid in full and the Notes canceled; provided that such monies may be invested in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account. Said account shall be used for the sole purpose of paying the principal of and interest on the Notes and shall be maintained for such purpose until the Notes are fully paid or otherwise extinguished).

(C) Remaining Monies. When all of the Notes have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service

Fund Account shall be transferred and deposited in the general fund of the District, unless the School Board directs otherwise.

Section 8. Covenants of the District. The District hereby covenants with the owners of the Note as follows:

(A) It shall issue and sell the Securities as soon as practicable, as necessary to provide for payment of the Note;

(B) It shall segregate the proceeds derived from the sale of the Securities into the special trust fund herein created and established and shall permit such special trust fund to be used for no purpose other than the payment of principal of and interest on the Note until paid. After the payment of principal of and interest on the Note in full, said trust fund may be used for such other purposes as the School Board may direct in accordance with law; and,

(C) It shall maintain a debt limit capacity such that its combined outstanding principal amount of general obligation bonds or notes or certificates of indebtedness and the amount authorized for the issuance of the Securities shall at no time exceed its constitutional debt limit.

Section 9. Proceeds of the Notes; Segregated Borrowed Money Fund. All monies received by the District upon the delivery of the Notes to the Purchaser thereof, except for accrued interest and premium, if any, shall be deposited by the District Clerk into a special fund (the "Borrowed Money Fund") which shall be maintained separate and distinct from all other funds of the District and shall be used for no purpose other than the purposes for which the Notes are issued. Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purposes for which the Notes have been issued have been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purposes, shall be deposited in the Debt Service Fund Account created herein.

Section 10. Execution of the Notes; Closing; Professional Services. The Notes shall be issued in printed form, executed on behalf of the District by the manual or facsimile signatures of the District President and District Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof and delivered to the Purchaser upon payment to the District of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Notes may be imprinted on the Notes in lieu of the manual signature of the officer but, unless the District has contracted with a fiscal agent to authenticate the Notes, at least one of the signatures appearing on each Note shall be a manual signature. In the event that either of the officers whose signatures appear on the Notes shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Notes and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The District hereby authorizes the officers and agents of the District to enter into, on its behalf, agreements

and contracts in conjunction with the Notes, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Notes is hereby ratified and approved in all respects.

Section 11. Payment of the Note; Fiscal Agent. The principal of and interest on the Note shall be paid by the District Clerk or District Treasurer (the "Fiscal Agent").

Section 12. Persons Treated as Owners; Transfer of Notes. The District shall cause books for the registration and for the transfer of the Notes to be kept by the Fiscal Agent. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Note shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the District President and District Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Note surrendered for transfer.

The District shall cooperate in any such transfer, and the District President and District Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

Section 13. Record Date. The fifteenth calendar day preceding the interest payment date shall be the record date for the Notes (the "Record Date"). Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the District at the close of business on the Record Date.

Section 14. Continuing Disclosure. The Notes are an exempt transaction in connection with the continuing disclosure requirements of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") because the Purchaser will certify that it will hold the Note for investment for its full term and will not resell or reoffer the Note, and therefore, the District is not required to comply with the Rule.

Section 15. Record Book. The District Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Notes in the Record Book.

Section 16. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the School Board or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted, approved and recorded May 18, 2015.

Melvin Hargrove
District President

Attest:

Lisa Parham
District Clerk

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EXHIBIT A

Proposal

To be provided by Johnson Bank and incorporated into the Resolution.

(See Attached)

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EXHIBIT B

Debt Service Schedule

To be provided by Johnson Bank and incorporated into the Resolution.

(See Attached)

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EXHIBIT C

(Form of Note)

REGISTERED UNITED STATES OF AMERICA DOLLARS
STATE OF WISCONSIN
RACINE COUNTY
NO. R-1 RACINE UNIFIED SCHOOL DISTRICT \$5,000,000
TAXABLE NOTE ANTICIPATION NOTE

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE:
_____, 2015 _____, 2015 _____%

REGISTERED OWNER: JOHNSON BANK

PRINCIPAL AMOUNT: FIVE MILLION DOLLARS (\$5,000,000)

FOR VALUE RECEIVED, the Racine Unified School District, Racine County, Wisconsin (the "District"), hereby acknowledges itself to owe and promises to pay to the registered owner identified above (or to registered assigns), on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. Interest is payable at maturity.

This Note is payable as to principal and interest upon presentation and surrender hereof at the office of the District Clerk or District Treasurer.

This Note is one of an issue of Notes aggregating the principal amount of \$5,000,000, all of which are of like tenor, except as to denomination, issued by the District pursuant to the provisions of Section 67.12(1)(b), Wisconsin Statutes, in anticipation of the sale of general obligation bonds or promissory notes (collectively, the "Securities"), to provide interim financing to pay a portion of the cost of constructing building additions and capital improvement projects at District buildings and grounds; and acquiring furnishings, fixtures and equipment (the "Project"), all as authorized by resolutions duly adopted by the School Board at meetings held on March 16, 2015 and May 18, 2015 (collectively, the "Resolution"). The Resolution is recorded in the official minutes of the School Board for said dates.

This Note shall be payable only from (a) any proceeds of the Notes set aside for payment of interest on the Notes as it becomes due and (b) proceeds to be derived from the issuance and

sale of the Securities, which proceeds have been declared to constitute a special trust fund and to be held by the District Clerk and expended solely for the payment of the principal of and interest on the Notes until paid. The District has covenanted to issue the Securities pursuant to the Resolution. **THE NOTES ARE NOT A GENERAL OBLIGATION OF THE DISTRICT AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION NOR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. NO LIEN IS CREATED UPON THE PROJECT OR ANY OTHER PROPERTY OF THE DISTRICT AS A RESULT OF THE ISSUANCE OF THE NOTES.**

This Note is subject to prepayment prior to maturity, at the option of the District, on any date. Said Note is prepayable as a whole or in part at the principal amount thereof, plus accrued interest to the date of prepayment.

Before the redemption of any of the Notes, unless waived by the registered owner, the District shall give notice of such redemption by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Note to be redeemed, in whole or in part, at the address shown on the registration books. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Notes shall cease to bear interest on the specified redemption date, provided that federal or other immediately available funds sufficient for such redemption are on deposit with the registered owner at that time. Upon such deposit of funds for redemption the Notes shall no longer be deemed to be outstanding.

The Notes shall cease to bear interest on the specified redemption date, provided that federal or other immediately available funds sufficient for such redemption are on deposit with the registered owner at that time. Upon such deposit of funds for redemption the Notes shall no longer be deemed to be outstanding.

The Notes are issued in registered form in the denomination of \$100,000 or more. This Note may be exchanged at the office of the District Clerk or District Treasurer for a like aggregate principal amount of Notes of the same maturity in other authorized denominations.

This Note is transferable by a written assignment duly executed by the registered owner hereof or by such owner's duly authorized legal representative. Upon such transfer a new registered Note, in authorized denomination or denominations and in the same aggregate principal amount, shall be issued to the transferee in exchange hereof.

The District may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof, premium, if any, hereon and interest due hereon and for all other purposes, and the District shall not be affected by notice to the contrary.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time. The District has covenanted to issue and sell the Securities, the sale of which this Note anticipates, as soon as practicable and to set aside the proceeds of the Securities into a special trust fund for the payment of the principal of and interest on this Note.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

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IN WITNESS WHEREOF, the Racine Unified School District, Racine County, Wisconsin, by its governing body, having no official or corporate seal, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified District President and District Clerk all as of the original date of issue specified above.

RACINE UNIFIED SCHOOL DISTRICT
RACINE COUNTY, WISCONSIN

By: _____
Melvin Hargrove
District President

By: _____
Lisa Parham
District Clerk

DRAFT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(e.g. Bank, Trust Company
or Securities Firm)

(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)