

(ATTACHMENT 1) ACTION ON A REQUEST FROM BOND COUNSEL FOR ADOPTION OF A RESOLUTION RELATIVE TO THE ISSUANCE OF RACM REFUNDING REVENUE BONDS, SERIES 2017 (MPS, NEIGHBORHOOD SCHOOLS INITIATIVE PROJECT)

**Resolution Relative to the Issuance of Redevelopment Authority of the City of Milwaukee Refunding Revenue Bonds, Series 2017
(Milwaukee Public Schools, Neighborhood Schools Initiative Project)**

WHEREAS, Section 66.1333 (5r) (a) of the Wisconsin Statutes determines that the development of new public schools in the City of Milwaukee (the “City”) will alleviate substandard conditions and promote the sound growth and economic development of the City and enhance the education of youths in neighborhood settings; and

WHEREAS, under Section 66.1333 (5r) (b) of the Wisconsin Statutes, the Redevelopment Authority of the City of Milwaukee (“RACM”) previously issued its \$31,865,000 Refunding Revenue Bonds, Series 2007 (Milwaukee Public Schools-Neighborhood Schools Initiative) (the “Series 2007 Bonds”) on behalf of the Milwaukee Board of School Directors (“MPS”); and

WHEREAS, the Series 2007 Bonds were issued pursuant to an Indenture of Trust dated as of February 1, 2002, as heretofore supplemented and amended (the “Indenture”) to finance or refinance the development or redevelopment of sites and facilities to be used for public school facilities (the “Facilities Development”) by MPS; and

WHEREAS, Section 66.1333 (5r) (the “Act”) authorizes RACM to issue refunding revenue bonds (the “Bonds”) for the purpose of refunding the Series 2007 Bonds, which refunding is proposed in an aggregate principal amount of not to exceed \$32,000,000; and

WHEREAS, it may be in MPS’s best interest to obtain bond insurance for some or all of the Bonds; and

WHEREAS, MPS desires that RACM designate special debt service reserve funds to secure the Bonds as provided in Section 66.133(5r)(d); and

WHEREAS, MPS desires to use a surety bond to be issued by National Public Finance Guarantee Corporation (the “Insurer”), in lieu of cash, to fund the special debt service reserve fund as required by the Act: and

WHEREAS, as a condition of issuing their surety bond, the Insurer requires a Financial Guaranty Agreement to be executed regarding the reimbursement of amounts drawn under the surety bond and certain other matters; and

WHEREAS, drafts of the following bond documents (including the Bonds and any insurance policy with respect to the Bonds, the “Bond Documents”) have been proposed for use in connection with the bond financing:

- (a) a Bond Purchase Agreement, to be dated on or prior to the date of issuance of the Bonds (the “Bond Purchase Agreement”), by and among MPS, RACM, and Piper Jaffray & Co. (the “Underwriter”);
- (b) a Fourth Supplemental Loan Agreement, to be dated as of June 1, 2017 (the “Supplemental Loan Agreement”) by and between RACM and MPS;
- (c) a Fifth Supplemental Indenture of Trust, to be dated as of June 1, 2017 (the “Supplemental Indenture”), between RACM, as grantor and The Bank of New York Mellon Trust Company, N.A, as trustee (the “Trustee”);
- (d) a Promissory Note, to be dated the date of issuance of the Bonds (the “Promissory Note”), of MPS in the principal amount of not to exceed \$32,000,000 payable to the order of RACM;
- (e) an Escrow Agreement (the “Escrow Agreement”), among RACM, MPS and the Trustee, pursuant to which funds (including proceeds of the Bonds) will be deposited in trust for the payment of the redemption price of the Series 2007 Bonds to be refunded;
- (f) a Continuing Disclosure Agreement, to be dated as of a date mutually agreed upon by the parties thereto (the “Disclosure Agreement”), among MPS, the RACM and the City of Milwaukee, as dissemination agent; and
- (g) a Financial Guaranty Agreement by and among RACM, MPS and the Insurer.

WHEREAS, the Bond Documents provide for a financing, the basic structure of which is to be this:

- (a) RACM will issue refunding revenue bonds, in the aggregate principal amount of not to exceed \$32,000,000, upon the terms provided in the Indenture and the Supplemental Indenture;
- (b) RACM will sell the Bonds pursuant to the terms of the Indenture, as supplemented by the Supplemental Indenture, and a Bond Purchase Agreement to the Underwriter;
- (c) RACM will lend the proceeds from the Bond sale to MPS pursuant to the Loan Agreement dated as of February 1, 2002, as heretofore amended and supplemented, by and between RACM and MPS (the “Loan Agreement”), as supplemented by the Supplemental Loan Agreement, said borrowing to be evidenced by the Promissory Note;
- (d) MPS will be required to repay the Promissory Note in installments of principal and interest, that are sufficient to pay when due the principal of and interest on the Bonds, from proceeds of aid that MPS receives under Section 121.85(6) of the Wisconsin Statutes, as amended (the “Intradistrict Aid”);

- (e) RACM will pledge and assign the Promissory Note and Loan Agreement, as supplemented by the Supplemental Loan Agreement, to the Trustee as security for the Bonds;
- (f) MPS will grant to RACM a lien on, and security interest in, MPS's right, title and interest in and to such Intradistrict Aid, the interest thereon and all proceeds thereof, as collateral security for the prompt and complete payment when payable from time to time by MPS of all amounts payable under the Loan Agreement; as supplemented by the Supplemental Loan Agreement, and
- (g) The obligations of MPS under the Loan Agreement, as supplemented by the Supplemental Loan Agreement, and the Promissory Note will be limited obligations of MPS payable solely from Intradistrict Aid and will not be debt of MPS; and

WHEREAS, in order to facilitate MPS's collateral pledge of Intradistrict Aid, the Department of Public Instruction ("DPI") has agreed to transmit all or a portion of Intradistrict Aid to the Trustee; and

WHEREAS, it is recommended to this Board by the staff of MPS that the refunding revenue bond financing be authorized and approved in an aggregate amount of not to exceed \$32,000,000.

NOW, THEREFORE, THE MILWAUKEE BOARD OF SCHOOL DIRECTORS RESOLVES AS FOLLOWS:

RESOLVED FIRST, that the terms, conditions and provisions of the Bonds and the Bond Documents (including, without limitation, those provisions which impose financial or operational restrictions on MPS) and the borrowing represented thereby be, and they hereby are, in all respects authorized and approved, said borrowing to be in a principal aggregate amount of not to exceed \$32,000,000 with a final maturity of Bonds not to exceed August 1, 2023 and bearing interest at rates not in excess of five percent (5%) per annum and resulting in a present value savings, as certified by the Underwriter pursuant to methodology acceptable to MPS of at least 3% of the principal amount of the Series 2007 Bonds.

RESOLVED SECOND, that the President of ~~MPS~~ the Milwaukee Board of School Directors acting alone, or with the Superintendent of the Milwaukee Public Schools ("Superintendent") be, and they hereby are, authorized for and in the name of MPS to execute and deliver the Bond Purchase Agreement in the form presented herewith or with such changes therein as shall be approved by the aforesaid authorized officers, their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes.

RESOLVED THIRD, that the appropriate officers of MPS be, and they hereby are, authorized for and in the name of MPS to perform the obligations of MPS under the Bond Purchase Agreement and to take such actions as they shall deem necessary or appropriate to close the financing provided for in the Bond Purchase Agreement.

RESOLVE FOURTH, that the President of ~~MPS~~ the Milwaukee Board of School Directors acting alone, or with the Superintendent be, and they hereby are, authorized for and in the name of MPS to execute and deliver the Supplemental Loan Agreement, the Promissory Note, the Escrow Agreement and the Disclosure Agreement in the respective forms thereof presented herewith or with such changes therein as shall be approved by the aforesaid authorized officers, their execution and delivery thereof to constitute conclusive evidence of their approval of any such changes.

RESOLVED FIFTH, that the appropriate officers of MPS be, and they hereby are, authorized to take all such further action and to execute, deliver, file and record as appropriate all such further instruments, uniform commercial code financing statements and other documents, including but not limited to forms of credit enhancement, in the name and on behalf of MPS as in their judgment shall be necessary or convenient to carry out the intent and to accomplish the purposes of these resolutions and to perform all obligations of MPS under the Bond Documents.

RESOLVED SIXTH, that this Board requests the issuance of the Bonds by RACM in accordance with the terms of this Resolution and approves the Supplemental Indenture and the execution thereof by RACM.

RESOLVED SEVENTH, that appropriate officers of MPS be, and they hereby are, authorized to participate in the preparation and the distribution of a preliminary official statement or other preliminary offering circular (the "Preliminary Official Statement") and a final official statement or other final offering circular (the "Final Official Statement") to be used in connection with the sale of the Bonds, and that the President of ~~MPS~~ the Milwaukee Board of School Directors acting alone, or with the Superintendent, are authorized to execute copies of the Final Official Statement and deliver copies of the Final Official Statement to the Underwriter.

RESOLVED EIGHTH, that the Bond Documents presented to this Board and proposed for use in connection with the Bond financing are acknowledged to be in draft form, and MPS hereby authorizes the President of ~~MPS~~ the Milwaukee Board of School Directors acting alone, or with the Superintendent, to approve any and all substantive changes to the Bond Documents (including but not limited to provisions for the optional or mandatory redemption of Bonds prior to maturity) not inconsistent with the provisions of this Resolution, the execution and delivery thereof by MPS to constitute conclusive evidence of their approval of any such changes.