Redevelopment Authority of the City of Milwaukee

Resolution No.:	**10359**
Adopted on:	June 21, 2012
Project / Area:	Bonds
Aldermanic District:	All

Resolution authorizing the issuance and sale of refunding revenue bonds and matters related thereto for Milwaukee Public Schools - Neighborhood Schools Initiative.

Whereas, the Redevelopment Authority of the City of Milwaukee (the "*Authority*") is a redevelopment authority organized by the City of Milwaukee, Wisconsin (the "*City*"), and existing under and pursuant to the laws of the State of Wisconsin and is authorized by Section 66.1333, Wisconsin Statutes, as amended (hereinafter sometimes referred to as the "*Act*"):

(a) to prepare, carry out, contract with respect to and/or operate redevelopment projects;

(b) to issue bonds or other indebtedness to finance its activities under the Act, including refunding bonds for the payment of the bonds previously issued by the Authority; and

(c) to do all things necessary or incidental to carry out the purpose of the Act; and

Whereas, pursuant to subsection (5r) of the Act and Sections 14g, 15m, 40k, 1630d, 2108s, 2143p and 9158(7tw) of 1999 Act 9 (the "*Enabling Legislation*") the legislature of the State of Wisconsin (the "*State*") has determined that the development in the City of new public schools will help alleviate certain substandard conditions, enhance the education of youth in neighborhood settings and promote the sound growth and economic development; and

Whereas, the Milwaukee Board of School Directors (the "*Borrower*") has developed a program (as hereinafter defined, the "*Program*") to finance the development or redevelopment of sites and facilities to be used for public school facilities; and

Whereas, the Authority has previously issued its $33,300,000 Revenue Bonds, Series 2002A (Milwaukee Public Schools-Neighborhood Schools Initiative) (the "*Series 2002A Bonds*"); its $78,740,000 Revenue Bonds, Series 2003A (Milwaukee Public Schools-Neighborhood Schools Initiative) (the "*Series 2003A Bonds*") and its $31,865,000 Refunding Revenue Bonds, Series 2007A (Milwaukee Public Schools-Neighborhood Schools Initiative) (the "*Series 2007A Bonds*") on behalf of the Borrower to finance the development or redevelopment of sites and facilities to be used for school facilities (the "*Facilities Development*") to implement the Program as embodied in the report submitted to the Joint Committee on Finance and approved under Section 9158 (7tw) (b) of the Enabling Legislation; and

Whereas, for the purpose of refunding the Series 2002A Bonds and the Series 2003A Bonds (the "*Bonds to be Refunded*"), the Borrower has requested the issuance by the Authority pursuant to the Act of its refunding revenue bonds in an aggregate principal amount of not to exceed $60,000,000 (the "*Bonds*"); and

Whereas, pursuant to subsection (5r) (b) 1. b. of the Act, it is the finding and determination of this body that the Program is consistent with the Borrower's master plan; and

Whereas, it is the finding and determination of this body that the refinancing of the Program with the Bonds will serve the intended accomplishments of public purpose as set forth in the Enabling Legislation and the Act and will in all respects conform to the provisions and requirements of the Enabling Legislation and the Act; and

Whereas, the Borrower has presented the Authority with proposed documentation for the Bonds, as follows:

(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 the Borrower, the Authority, and J.P. Morgan Securities LLC, M.R. Beal & Company and Cabrera Capital Markets, LLC (the "*Underwriters*");

(b) a Third Supplemental Loan Agreement, to be dated June 1, 2012, amending and supplementing the Loan Agreement, dated as of February l, 2002 (as amended and supplemented, the "*Loan Agreement*"), by and between the Authority and the Borrower (the "*Third Supplemental Loan Agreement*");

(c) a Fourth Supplemental Indenture of Trust, to be dated as of June 1, 2012, amending and supplementing the Indenture of Trust, dated as of February l, 2002 (as amended and supplemented, the "*Indenture*"), between the Authority and The Bank of New York Mellon Trust Company, N.A. (the "*Trustee*") (the "*Fourth Supplemental Indenture*");

(d) a Promissory Note, to be dated the date of issuance of the Bonds (the "*Promissory Note*"), of the Borrower in the principal amount of not to exceed $60,000,000 payable to the order of the Authority;

(e) a Refunding Escrow Agreement (the "*Escrow Agreement*"), among Authority, the Borrower and the Trustee, pursuant to which funds will be deposited in trust for the payment of the redemption price of the Bonds to be Refunded; and

(f) a Preliminary Official Statement for the Bonds (the "*Preliminary Official Statement*"), describing the Bonds and the source of payment and security for the Bonds.

Whereas, the Borrower will be required to repay the Promissory Note in installments of principal and interest, which are sufficient to pay when due, the principal and interest on the Bonds, from proceeds of aid the Borrower receives under Section 121.85 (6) of the Wisconsin Statutes, as amended (the "*Intradistrict Aid*"); and

Whereas, in order to facilitate the Borrower's collateral pledge of Intradistrict Aid, the Department of Public Instruction ("*DPI*") will transmit all or a portion of the Intradistrict Aid to the Trustee; and now, therefore, be it

Resolved, by the Board of Commissioners of the Redevelopment Authority of the City of Milwaukee, as follows:

1. **Finding and Determination.** It has been found and determined and is hereby declared that the payments required to be made by the Borrower under the Loan Agreement are sufficient in amount to pay when due the principal of, premium, if any, and interest on the Bonds.

2. **Contract with Borrower; Authorization to Borrow and Lend.**The Authority shall borrow, but only in the manner herein recited, a sum not to exceed $60,000,000 principal amount for the purpose of (i) refunding the Bonds to be Refunded, (ii) paying the costs of issuing and selling the Bonds, and (iii) paying such other costs related thereto as are permitted to be paid with bond proceeds under the Act. Said borrowing shall be accomplished through the sale of the Bonds issued pursuant to the Act and the Enabling Legislation. The Authority shall lend a sum of not to

exceed $60,000,000 principal amount of bonds to the Borrower pursuant to the terms of the Loan Agreement, which borrowing shall be evidenced by the Promissory Note. The Third Supplemental Loan Agreement is hereby approved as necessary to effectuate the purposes of the Act and the Enabling Legislation. The Chairperson and the Executive Director are hereby authorized and directed for and in the name of the Authority to execute and deliver the Third Supplemental Loan Agreement in the form thereof presented herewith or with such insertions therein or corrections thereto as shall be approved by them consistent with this resolution, their execution thereof to constitute conclusive evidence of their approval of any such insertions and corrections.

3. Designation, Denomination, Tenor and Maturity of Bonds Created for Issuance. The Bonds shall be issued in a principal amount of not to exceed $60,000,000 and shall be designated as follows:

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE (WISCONSIN) REFUNDING REVENUE BONDS, SERIES 2012A
(MILWAUKEE PUBLIC SCHOOLS - NEIGHBORHOOD SCHOOLS INITIATIVE)

The Bonds shall be substantially in the form, shall have the maturities and redemption provisions and shall bear interest as shall be set forth in the Indenture. The Bonds shall have such maturities and sinking fund redemption schedules and shall bear interest at such rates per annum as the Borrower shall recommend and the Chairperson, Vice Chairperson or other officer of the Authority executing the Indenture shall approve.

The aggregate principal amount of Bonds shall be the smallest amount necessary (given the parameters set forth herein) to provide for the costs of the refunding of the Bonds to be Refunded as follows:

(a) deposit an amount into the account created under the Escrow Agreement (the "*Escrow Account*") sufficient to purchase securities maturing in such amounts and on such dates which will be sufficient, together with investment earnings thereon, to pay interest on the Bonds to be Refunded until the redemption date thereof and the redemption price of the Bonds to be Refunded; and

(b) variable financing costs (including underwriter's discount) equal to no more than 2% of the aggregate principal amount of the Bonds.

The day on which the principal amounts and interest rates for each maturity of the Bonds are determined is the "*Date of Pricing*". The interest rates on each maturity of the Bonds shall be those rates (but shall not exceed those rates), as certified by the Underwriters in the Bond Purchase Agreement, necessary in their judgment to provide for a sale of all of the Bonds to the public on the Date of Pricing, and the interest rates and principal amounts of each maturity of the Bonds, shall result in a present value savings, as certified by the Underwriters pursuant to a methodology acceptable to the Comptroller of the City of Milwaukee or his designee. The principal amount of Bonds of each maturity shall further be those amounts, consistent with the foregoing sentence, which would result in a Net Interest Cost on the Bonds of not to exceed 5%. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. To the extent permitted by law, overdue principal, premium, if any, and interest shall bear interest at the same rate as was borne by the Bonds on the due date of the payment that is delinquent.

The Bonds shall be issuable as fully registered Bonds in denominations of $5,000 or any multiple thereof. The Bonds and the interest thereon shall be transferable by and shall be payable to the

registered owners thereof in the manner and with the effect provided in the Indenture. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Trustee, as paying agent, or the office of any successor or additional paying agent designated by the Authority and approved by the Borrower.

The Bonds shall have as their original issue date the date of issuance of the Bonds. Each Bond shall be dated, as its registration date, the date of its authentication.

The Bonds shall be issued in the form therefore as set forth in the Indenture, with such insertions therein as shall be necessary to comply with the terms of this Resolution and with such corrections therein, if any, as the approving bond attorney may require for conformity with the terms of this Resolution, the Indenture, the Act, the Enabling Legislation and any additional supplemental indentures, if any.

4. **Execution and Authentication of Bonds.** The Bonds shall be executed on behalf of the Authority with the facsimile or manual signature of its Chairperson, countersigned with the facsimile or manual signature of its Executive Director and shall have impressed, imprinted or otherwise reproduced thereon an official seal, if any, of the Authority or a facsimile thereof. No Bond shall be issued unless first authenticated by the Trustee (as fiscal agent and bond registrar), to be evidenced by the manual signature of an authorized signatory of the Trustee on each Bond.

5. **Designation of Trustee.** The Authority hereby designates and appoints The Bank of New York Mellon Trust Company, N.A. to perform the functions of Trustee under the Indenture.

6. **Bonds as Limited Obligations.** The Bonds and interest thereon shall never be or be considered a general obligation of the Authority or the City or an indebtedness of the Authority or the City within the meaning of any State constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Authority or the City or a charge against their general credit or the City's taxing powers.

7. **Source of Payment; Pledge of Revenues.** The Bonds shall be limited obligations of the Authority payable by it solely from revenues and income derived by or for the account of the Authority from or for the account of the Borrower pursuant to the terms of the Promissory Note, the Indenture and the Loan Agreement; including without limitation: (i) all cash and securities held from time to time in the Trust Funds (other than the Rebate Fund), and the investment earnings thereon; and (ii) all payments by the Borrower on any Promissory Note or pursuant to the Loan Agreement; but excluding any amounts derived by the Authority for its own accounts pursuant to enforcement of Unassigned Rights (as defined in the Indenture).

As security for the payment of the principal of, premium, if any, and interest on the Bonds, the Authority shall pledge and assign to the Trustee all of its right, title and interest in and to the "*Trust Estate*" described in the Indenture.

8. **Redemption of Bonds Prior to Maturity.** The Bonds shall be subject to mandatory and optional redemption prior to maturity as provided in the Indenture.

9. **Trust Funds.** The trust funds and accounts created under the Indenture to be held in the custody of the Trustee and applied for the uses and purposes provided in the Indenture are hereby authorized and approved.

10. **Investment of Trust Funds.** Any moneys held as a part the trust funds held by the Trustee under the Indenture may be invested and reinvested by the Trustee in "*Qualified Investments*" in accordance with, and as defined in, the Indenture.

11. **Execution and Delivery of the Promissory Note, the Third Supplemental Loan Agreement, the Escrow Agreement and the Fourth Supplemental Indenture.** The terms and provisions of the Promissory Note, the Third Supplemental Loan Agreement, the Escrow Agreement and the Fourth Supplemental Indenture are hereby approved. The Chairperson and the Executive Director are hereby authorized for and in the name of the Authority to execute and deliver the Third Supplemental Loan Agreement and the Escrow Agreement and the Fourth Supplemental Indenture and the assignment of the Promissory Note, in the forms thereof presented herewith, or with such insertions therein or corrections thereto as shall be approved by the Chairperson and the Assistant Executive Director consistent with this Resolution and the terms of the Act, their execution thereof to constitute conclusive evidence of their approval of any such insertions and corrections.

12. **Execution and Delivery of the Bond Purchase Agreement.** The Borrower will negotiate for the sale of the Bonds pursuant to the Bond Purchase Agreement with the Underwriter at a purchase price not less than 98.5% of the par amount of the Bonds. Given the purposes of the financing and the involvement of the Authority therewith, it is the determination of this body that the Bonds shall be awarded to the Underwriters at the parameter of prices aforesaid, with delivery of the Bonds to follow in the manner, at the times and subject to the conditions set forth in the Bond Purchase Agreement and this Resolution. As evidence thereof the Chairperson and the Assistant Executive Director are hereby authorized and directed for and in the name of the Authority to execute, affix with the official seal of the Authority and deliver the Bond Purchase Agreement in the form presented herewith, or with such insertions therein or corrections thereto as shall be approved by the Chairperson and Assistant Executive Director consistent with this Resolution and the terms of the Act, their execution thereof to constitute conclusive evidence of their approval of any such insertions and corrections.

13. **Determination of Revenue Payment.** The amount necessary in each year to pay the principal of, premium, if any, and interest on the Bonds is the sum of (i) the amount of principal becoming due in such year (as reduced from time to time by reason of prior redemptions and purchases of Bonds for cancellation in accordance with the Indenture); plus (ii) the amount of interest on the Bonds becoming due in such year in accordance with the interest rates determined as specified in paragraph 3 of this Resolution.

    In expressing the Borrower's obligation to make the necessary revenue payments, it shall suffice herein and in the Loan Agreement to state that the Borrower shall be obligated to pay the Authority (or the Trustee for the account of the Authority) amounts sufficient to pay when due the principal of, premium, if any, and interest on the Bonds.

14. **Authorization of Official Statement.** The distribution by the Underwriters of the Preliminary Official Statement and the preparation and distribution of a final Official Statement (in substantially the form of the Preliminary Official Statement, with blanks completed) in connection with the offering and sale of the Bonds is hereby authorized and approved.

15. **Execution and Delivery of the Bonds.** The Chairperson and the Assistant Executive Director are hereby authorized for and in the name of the Authority to execute the Bonds in the manner authorized by paragraph 4 of this Resolution. Subject to the terms and conditions of the Bond Purchase Agreement, the Authority shall deliver the Bonds to the Underwriters or to DTC for the account of the Underwriters.

16. **Authorizations Regarding Intradistrict Aid.** The Chairperson and the Assistant Executive Director are hereby authorized for and in the name of the Authority to execute an agreement whereby all or a portion of the Intradistrict Aid will be transmitted directly to the Trustee.

17. **Authorizations Regarding Financial Reports.** The Chairperson and the Assistant Executive Director and the appropriate deputies and officials of the Authority in accordance with their assigned responsibilities are hereby each authorized to provide to the State all financial reports of the Authority and all regular monthly statements of any trustee of the Bonds on a direct and on going basis as required by the Act.

18. **General Authorizations.** The Chairperson and the Assistant Executive Director and the appropriate deputies and officials of the Authority in accordance with their assigned responsibilities are hereby each authorized to execute, deliver, publish, file and record such other documents, instruments, notices (including without limitation, the Internal Revenue Service Form 8038) and records and to take such other actions as shall be necessary or desirable to accomplish the purposes of this Resolution and to comply with and perform the obligations of the Authority under the Bond Purchase Agreement, the Bonds, the Loan Agreement, the Escrow Agreement and the Indenture.

In the event that said officers shall be unable by reason of death, disability, absence or vacancy of office to perform in timely fashion any of the duties specified herein (such as the execution of the Bond Purchase Agreement, the Bonds, the Third Supplemental Loan Agreement, the Escrow Agreement, the Fourth Supplemental Indenture or the assignment of the Promissory Note), such duties shall be performed by the officer or official succeeding to such duties in accordance with law and the rules of the Authority.

19. **Effective Date; Conformity.** This Resolution shall be effective immediately upon its passage and approval. To the extent that any prior resolutions of this body are inconsistent with the provisions hereof, this resolution shall control and such prior resolutions shall be deemed amended to such extent as may be necessary to bring them in conformity with this Resolution.

20. **Publication of Notice.** Notice of the sale of the Bonds, in the form attached hereto as *Exhibit A*, shall be published forthwith in the official newspaper of the Authority as a class 1 notice under Chapter 985 of the Wisconsin Statutes. The Assistant Executive Director of the Authority shall obtain proof in affidavit form, of such publication, and shall compare the Notice as printed with the form attached hereto as *Exhibit A* to ascertain that no mistake has been made therein.

CERTIFICATION

I certify that the forgoing is a true and exact copy of a resolution adopted by the Redevelopment Authority of the City of Milwaukee, WI on the date set forth above.

(seal)

David P. Misky
Assistant Executive Director – Secretary

EXHIBIT A

NOTICE OF BOND ISSUE BY THE REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE

Pursuant to a resolution adopted on _____, 2012, the Redevelopment Authority of the City of Milwaukee (the "*Authority*") has entered into a contract for sale of its Refunding Revenue Bonds, Series 2012A (Milwaukee Public Schools - Neighborhood Schools Initiative) in the aggregate principal amount of not to exceed $60,000,000. The closing of such bond financing will occur on or about _____, 2012. A copy of all proceedings had to date with respect to the authorization and sale of said bond financing is on file and may be examined in the office of the Assistant Executive Director of the Authority, 809 North Broadway, Milwaukee, Wisconsin.

This Notice has been authorized by the Commissioners of the Authority and is given pursuant to Section 893.77(2), Wisconsin Statutes, which provides that an action or proceeding to contest the validity of such bond financing, for other than constitutional reasons, must be commenced within 30 days after the publication of this Notice.

/s/
Assistant Executive Director-Secretary
Redevelopment Authority of the City of Milwaukee