

**GROSSE POINTE PUBLIC SCHOOL SYSTEM**  
**COUNTY OF WAYNE, STATE OF MICHIGAN**  
**RESOLUTION AUTHORIZING THE SCHOOL DISTRICT**  
**TO OBTAIN A 2024/2025 LINE OF CREDIT**  
**IN ANTICIPATION OF STATE SCHOOL AID**

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Minutes of a regular meeting of the Board of Education of the Grosse Pointe Public School System, County of Wayne, State of Michigan (the "School District") held in the School District on the 28th day of May, 2024 at 6:30 p.m., prevailing Eastern Time.

PRESENT: Members \_\_\_\_\_

ABSENT: Members \_\_\_\_\_

The following preamble and resolution were offered by Member \_\_\_\_\_ and supported by Member \_\_\_\_\_:

WHEREAS, under the terms of Section 1225(8) of Act 451, Public Acts of Michigan, 1976, as amended (the "Act"), a school district is authorized to obtain a line of credit to secure funds for school operations, pledging for the payment thereof monies to be received by it pursuant to the State School Aid Act of 1979 (the "State Aid Act"), which obligation shall be the full faith and credit obligation of the School District: and

WHEREAS, the School District intends to authorize the negotiation of and obtain a line of credit for school operations for the 2024/2025 fiscal year; and

WHEREAS, Section 1225(8) of the Act provides that a school district shall not pledge more than 30% of the state school aid apportioned to the school district that has not already been pledged or received for that fiscal year for the repayment of funds received pursuant to a line of credit; and

WHEREAS, the estimated amount of state aid appropriations allocated to the School District for the entire fiscal year ending June 30, 2025 (the "2024/2025 State Aid"), is as shown in paragraph 1 of Exhibit A; and

WHEREAS, the estimated amount of 2024/2025 State Aid allocated to or to be allocated to the School District pursuant to the State Aid Act expected and to be received by the School District during October 2024 through August 2025, which has not already been pledged or received for the next succeeding fiscal year is shown in paragraph 2 of Exhibit A (the "2024/2025 Pledged State Aid"); and

WHEREAS, it is necessary to obtain approval of any line of credit from the Department of Treasury (the “Treasury”) of the State of Michigan; and

WHEREAS, the School District determines it is in its best interest to obtain a line of credit in the sum of not to exceed 30% of the state school aid apportioned to the School District for the next succeeding fiscal year that has not already been pledged or received for fiscal year 2024/2025 as specified in paragraph 3 of Exhibit A (the “Line of Credit”) and to authorize certain other actions related thereto.

NOW, THEREFORE, BE IT RESOLVED that:

1. The School District, pursuant to Section 1225(8) of the Act is hereby authorized to negotiate with a bank and obtain a line of credit in the sum of not to exceed \$16,000,000 that does not exceed the maximum amount permitted under the Act, the number of draws and the amount of each draw to be determined by an officer designated in paragraph 4 of Exhibit A or his/her designee who shall be a member of the administrative staff or Board of Education of the School District (each, an “Authorized Officer,” collectively, the “Authorized Officers”) in anticipation of the distribution of 2024/2025 Pledged State Aid for the fiscal year ending June 30, 2025.

2. Since the terms and structure of lines of credit generally require a broader banking relationship with the provider, and do not otherwise lend themselves to competitive sale, the Authorized Officers shall negotiate the terms of the Line of Credit with a bank (the “Bank”) on behalf of the School District. The Line of Credit shall bear interest at a fixed or variable rate as determined by an Authorized Officer, but shall not exceed 18% per annum. Payment on any Line of Credit shall be payable in lawful money of the United States of America to mature on a date or dates as determined by the Authorized Officer, but in no event shall the final date of maturity of a Line of Credit exceed 30 days after receipt of the final payment of the 2024/2025 Pledged State Aid, as applicable.

3. The School District hereby appropriates a sufficient amount of the 2024/2025 Pledged State Aid to repay the principal of and interest on advances made under the Line of Credit based upon the requirements of Section 1225(8) of the Act for pledging state aid and based upon the number of draws and the amount of each draw by the School District. In addition, the full faith and credit of the School District is hereby irrevocably pledged for payment of principal of and interest on the Line of Credit and in case of the insufficiency of the 2024/2025 Pledged State Aid, the School District shall pay the Line of Credit 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. The Superintendent, Executive Director of Finance and Operations or their designees are hereby authorized and directed to negotiate and execute any and all necessary documentation required to obtain the Line of Credit, including, but not limited to, one or more loan agreements between the School District and the Bank.

5. The Authorized Officers or designee thereof is each hereby authorized to make application to Treasury for and on behalf of the School District for an order approving the issuance of the Line of Credit and to pay any applicable fee, including filing for an exemption from the rating requirement, and is further authorized to take all other steps necessary and desirable for issuance and delivery of the Line of Credit. Miller, Canfield, Paddock and Stone, P.L.C. is hereby designated responsibility on behalf of the School District to make such filings with the Michigan Department of Treasury or other parties, for prior approval and necessary waivers to enable the sale, issuance and delivery of the Line of Credit as contemplated herein.

6. The President, the Vice President, the Secretary, the Treasurer, the Superintendent, or his/her designee and the Authorized Officers 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.

7. The terms of the Line of Credit and the dates and the amounts of the draws on the Line of Credit shall be determined by an Authorized Officer, but in each case within the parameters set forth in Exhibit A to this resolution.

8. The School District further agrees the principal payable on the Line of Credit will not exceed 30% of the amount of state aid payable to the School District for the 2024/2025 fiscal year that has not been received or pledged.

9. 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 periodic representation of the potential parties to the transaction, including Comerica Bank, in unrelated matters.

10. 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 \_\_\_\_\_  
\_\_\_\_\_

NAYS: Members \_\_\_\_\_  
\_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Secretary, Board of Education

The undersigned duly qualified and acting Secretary of the Board of Education of the Grosse Pointe Public School System, County of Wayne, State of Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at a regular meeting held on May 28, 2024, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act and that attached hereto as Exhibit B is a true and complete copy of the notice of said meeting posted in accordance with the Revised Municipal Finance Act, being Act 34, Public Acts of 2001, as amended.

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Secretary, Board of Education

## **EXHIBIT A**

1. Estimated 2024/2025 State School Aid allocated for fiscal year ending June 30, 2025: \$73,034,416. (Amount to be received from October 1, 2024 through August 31, 2025)
2. Estimated 2024/2025 Pledged State Aid allocated for fiscal year ending June 30, 2025: \$73,034,416. (Amount to be received from October 1, 2024 through August 31, 2025).
3. Amount of Line of Credit not to exceed (no more than 30% of #2): \$16,000,000.
4. Authorized Officers: Superintendent and Executive Director of Finance and Operations, or designee.

EXHIBIT B

**NOTICE OF INTENDED CASH FLOW BORROWING**

NOTICE IS HEREBY GIVEN that at the meeting of the Board Education of the Grosse Pointe Public School System, County of Wayne, State of Michigan (the “School District”), to be held on the 28th day of May, 2024, a decision will be made or discussed with respect to the issuance of the School District’s proposed line of credit that will be payable from state aid, but will also contain a limited tax full faith and credit pledge of the School District.

Lisa Papas  
Secretary  
Grosse Pointe Public School System

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