

Scranton, Pennsylvania

The Scranton School Board of Directors held a special meeting on Wednesday, November 4, 2015 to authorize the T.A.N. for the 2015 Calendar Year, to file a motion with Lackawanna County Court for the unfunded debt due to the lack of a state budget and to authorize any necessary measures to finance the unfunded state subsidy.

President Douaihy called the meeting to order at 6:08pm with a Pledge of Allegiance to the Flag.

Roll Call: By the Secretary.

Present: Directors Casey, Donahue, Duffy, Martinelli, Oleski, Sheridan and President Douaihy.

Absent: Directors McAndrew and Ruane.

Attorney Minora announced an executive session was held this evening to discuss personnel, real estate and litigation.

Public Comment

No speakers signed in.

President Douaihy explained the purpose of tonight's meeting.

Attorney Minora and Gregg Sunday further explained the purpose of the authorizing the T.A.N. 2015-C that will be voted on this evening and the approval to petition to the court for the unfunded debt.

BUDGET AND FINANCE

The following resolution was submitted by Director Donahue.

RESOLUTION AUTHORIZING THE INCURRING OF TAX AND REVENUE ANTICIPATION DEBT AND THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE IN THE MAXIMUM PRINCIPAL AMOUNT OF \$14,250,000.00 ACCEPTING THE OFFER OF FIRST NATIONAL BANK OF PENNSYLVANIA AND ESTABLISHING THE TERMS OF THE NOTE.

Whereas, the School District of the City of Scranton, Lackawanna County, Pennsylvania, (the School District) anticipates current revenues as yet uncollected, and

Whereas, the School District requires additional funds for current and anticipated expenditures to fund anticipated deficits; and

Whereas, the School District has determined that it is necessary to borrow for the purpose of meeting current and anticipated expenses for the fiscal year ending December 31, 2015 by issuing a note to be repaid from the receipt of anticipated taxes and revenues; and

Whereas, First National Bank of Pennsylvania (the Bank) has submitted to the School District a Proposal to Purchase (the "Proposal") the Tax and Revenue Anticipation Note of November 2015 of the School District dated October 28, 2015 and the School District desires, by the adoption of this resolution to accept such proposal and authorize the issuance and sale of its Tax and Revenue Anticipation Note;

Now Therefore, Be it Resolved by the Board of School Directors of the School District of the City of Scranton, and it is hereby resolved by the authority of said Board, as follows:

1. The School District hereby authorizes the issuance of a tax and revenue tax anticipation note in the amount of \$14,250,000.00 (the 2015-C TRAN) in anticipation of the receipt of current taxes and revenues, to be sold at private sale. The School District has determined it to be in the best financial interest to award the sale by private negotiation.
2. The 2015-C TRAN shall be in the denomination of \$14,250,000.00, shall be redeemable at anytime at the option of the school district, without penalty or premium, shall be fully registered without coupons, shall be dated the earliest date possible under the law, bear interest at a variable rate as stated in the Proposal, with a floor of three percent (3%) per annum and a cap of 7.5% on the unpaid balances from time to time, which interest shall be payable at maturity, shall mature on December 31, 2015, shall be payable at the Scranton Office of the Bank, and shall be substantially in the form annexed to this resolution as Exhibit "A" hereby made part of this resolution as though fully set forth at this place.
3. The Note issued pursuant to this Note Resolution shall be a general obligation of the Local Government Unit. The Local Government Unit hereby covenants with the owners from time to time of the Note that if funds are not available for the full payment of the Note within the fiscal year in which issued, then the Local Government Unit will either (1) include the amounts necessary to pay the Note in its budget for the next fiscal year, pursuant to Section 8125 of the Debt Act, to the extent then permitted by applicable law; (2) fund such amounts within the next fiscal year in accordance with Sections 8129 and 8130 of the Debt Act; or (3) provide for payment of the Note by any combination of (1) and (2), in all events, upon notice to and with the consent and agreement of the Purchaser.
4. In furtherance of its obligations to pay the interest on and principal of the Note, the Local Government Unit hereby covenants to cause the Pennsylvania Department of Education, the State Treasurer of the Commonwealth of Pennsylvania, and the Purchaser to enter into an Intercept Agreement with the Local Government Unit whereby certain of the subsidy payments due to the Local Government Unit from the Commonwealth will be directed to be paid instead to the Purchaser, in fulfillment of the School District's payment obligations.
5. The Local Government Unit hereby covenants with the owners from time to time of the Note that it will make no use of the proceeds of the Note which, if such use had been reasonably expected on the date of issue of the Note, would have caused the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations thereunder and

that it will comply with the requirements of the Code and the Regulations throughout the term of the Note.

6. If the principal amount of the Note, plus the principal amount of all other tax exempt obligations issued and to be issued by the Local Government Unit, or by a subordinate governmental unit within its jurisdiction, during the calendar year in which the Note is to be issued, exceeds \$15,000,000 (and no more than \$5,000,000 of that was/is issued for other than "capital purposes"), and if the gross proceeds of the Note are invested at a yield on the Note and are not expended, or deemed to have been expended pursuant to in Section 148(f)(4)(B)(iii) of the Code, within six (6) months from the date of issuance the Local Government Unit covenants that it will rebate to the U.S. Treasury, within sixty (60) days after the maturity date of the Note, that amount of investment income on the Note proceeds which exceeds the amount which would have been earned had the Note proceeds been invested at a yield equal to the yield on the Note.
7. The Proposal is hereby accepted and shall be incorporated into this Resolution as Exhibit "B" hereto and the President and the Secretary of the Board of School Directors are hereby authorized and directed to execute and deliver a duplicate original of the Proposal to the Bank.
8. The 2015-C TRAN is not designated as a "qualified tax-exempt bond", as that term is defined in Section 265 of the US Internal Revenue Code of 1986, as amended (the Code). No part of the proceeds of the 2015-C TRAN shall at any time be used directly or indirectly to acquire securities or other obligations the acquisition of which should cause the 2015-C TRAN to be an "arbitrage bond" as defined in this code.
9. The 2015-C TRAN shall be secured by a pledge of, and a lien and charge on, the taxes and all other revenues of the School District to be received during the period when the 2015-C TRAN will be outstanding, including during any period of default.
10. The President of the Board of School Directors be and hereby is authorized and directed to execute and deliver in the name of, on behalf of, and under the seal of, the School District, the 2015-C TRAN, in the form and containing terms described above, and the Secretary of the Board of the School Directors be and hereby is authorized and directed to attest the same.
11. The Treasurer of the Board of School Directors be and hereby is authorized and directed to prepare or to cause to be prepared a Certificate As to Taxes and Revenues to be Collected and a Certificate of Cumulative Deficit as required by Section 8126 of the Local Government Unite Debt Act of the Commonwealth of Pennsylvania, as amended.

12. The Officers of the Board of School Directors be and hereby are authorized and directed to perform all acts which are necessary and proper for the valid issuance and security of the 2015-C TRAN, including a tax certificate.

RESOLVED THIS 4TH DAY OF NOVEMBER, 2015

ATTEST

SCHOOL DISTRICT OF THE CITY OF SCRANTON

Secretary

By: _____
President, Board of School Directors

The resolution was seconded by Director Oleski and passed unanimously on roll call vote.

ON THE QUESTION:

Director Donahue confirmed with Mr. Sunday that the funds will be drawn as needed, not all at once.

Mr. Sunday said it is specifically for payroll purposes to fund through the end of the year and additional funds to pay vendors which haven't been paid in a while but specifically for payrolls.

ALSO

The following resolution was submitted by Director Donahue.

RESOLUTION AUTHORIZING THE SCHOOL DISTRICT TO BORROW TO FUND THE UNFUNDED DEBT DUE TO A LACK OF STATE BUDGET.

WHEREAS, the school district has yet to receive its state subsidy in the current fiscal year; and

WHEREAS, the school district wishes it to borrow to fund the unfunded obligation and if the court refuses the Petition to fund unfunded debt, the school district authorizes Casecon to use alternate financing to fund unfunded state funded debt; and

WHEREAS, the school district budget year ends December 31, 2015 requiring long term financing to fill the void due to lack of a state subsidy and state budget; and

THEREFORE, be it resolved the school district authorizes Casecon, inter alia, to explore alternate long term financing to cover the lack of a state subsidy and state budget and to fill the void left due to lack of state subsidy. Said borrowing shall not exceed the expected funds from the Commonwealth of Pennsylvania.

The resolution was seconded by Director Duffy and passed unanimously on roll call vote.

ALSO

The following resolution was submitted by Director Donahue.

RESOLUTION AUTHORIZING THE SOLICITOR AND OTHERS TO FILE A PETITION WITH THE LACKAWANNA COUNTY COURT OF COMMON PLEAS TO FUND UNFUNDED DEBT DUE TO LACK OF A STATE BUDGET AND STATE SUBSIDIES.

WHEREAS, the school district anticipated revenues from the Commonwealth of Pennsylvania which revenues were not forthcoming, due to a lack of a state budget; and

WHEREAS, the school district's budget year is unique in that it is a calendar year ending December 31, 2015, all others except Pittsburgh are June 30, 2016; and

WHEREAS, the school district must pay its tax anticipation note in the calendar year and the lack of a state budget has forced the school district to borrow to fund its budget, and pay its tax anticipation note and other obligations; and

THEREFORE, be it resolved the school district is authorized to Petition for unfunded debt in the amount it would have received if the state budget was adopted. Said borrowing is not to exceed the expected revenues.

The resolution was seconded by Director Oleski and passed unanimously on roll call vote.

President Douaihy now congratulated the newly elected board members of the Scranton School District adding he looks forward to working with them.

Mr. Douaihy also announced the upcoming Veteran's Day holiday and the students at Lincoln Jackson Academy will be sponsoring their 2nd Veteran's Day Breakfast from 9am – 12 noon to be held at the Lincoln Jackson Academy on November 11, 2015.

There being no further business a motion to adjourn was made by Director Oleski, seconded by Director Donahue and the meeting adjourned at 6:20pm.

By: _____