

HAMPTON BAYS UNION FREE SCHOOL DISTRICT

DATE: April 7, 2009 **KIND OF MEETING:** Special

LOCATION: District Office Conference Room **PRESIDING OFFICER:** President

MEMBERS PRESENT: Doug Oakland, George Leeman, Lisa Fotopoulos, Marie Mulcahy

MEMBERS ABSENT: Chris Garvey

OTHERS PRESENT: Joanne Loewenthal, Larry Luce

Resolution #209 Appointment of Clerk Pro Temp

Resolution #210 Acceptance of Proposal for the Purchase of the Refunding Bonds

Resolution #211 Authorization to Issue Refunding Bonds

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Mr. Oakland called the meeting to order at 5:05 PM.

Resolution #209

On a motion by, Ms. Mulcahy, seconded by Mr. Leeman, the following resolution was offered:

BE IT RESOLVED that Larry Luce be appointed Clerk Pro Temp.

4 aye

Resolution #210

On a motion by Mr. Leeman, seconded by Ms. Fotopoulos, the following resolution was offered:

Board Member Ms. Fotopoulos offered the following resolution and moved its adoption:

RESOLUTION OF THE HAMPTON BAYS UNION FREE SCHOOL DISTRICT, NEW YORK, ADOPTED APRIL 7, 2009, ANNOUNCING THE INTENTION OF THE SCHOOL DISTRICT TO ACCEPT PROPOSALS FOR THE REFUNDING OF BONDS OF SAID SCHOOL DISTRICT.

Recitals

WHEREAS, the Hampton Bays Union Free School District, in the County of Suffolk, New York (herein called "District"), has heretofore issued on August 12, 1997, \$7,600,000 School District Serial Bonds-1997, which are currently outstanding in the principal amount of \$2,655,000 (the "1997 Outstanding Bonds"); and on February 10, 1998, \$5,125,000 School District Serial Bonds-1998, which are currently outstanding in the principal amount of \$1,725,000 (the "1998 Outstanding Bonds" and together with the 1997 Outstanding Bonds, the "Outstanding Bonds"); and

WHEREAS, Section 3602 of the Education Law and Sections 90.00 and 90.10 of the Local Finance Law constituting Chapters 16 and 33-a of the Consolidated Laws of the State of New York, respectively, permit the District to refund all or a portion of the outstanding unredeemed maturities of such Outstanding Bonds by the issuance of new bonds, the issuance of which will result in a net present value savings to the District; and

WHEREAS, the District has reviewed and discussed the refunding of the Outstanding Bonds with the District's Financial Advisor, Capital Markets Advisors, LLC (the "Financial Advisor"), and has determined that the District will achieve debt service savings by proceeding with such refunding;

Now, therefore,

THE BOARD OF EDUCATION OF THE HAMPTON BAYS UNION FREE SCHOOL DISTRICT, IN THE COUNTY OF SUFFOLK, NEW YORK, HEREBY RESOLVES (by a majority vote of all the members of said Board) AS FOLLOWS:

Section 1. The Board of Education hereby states, certifies and determines that it is the intention of the District to accept proposals for the refunding of certain Outstanding Bonds heretofore issued by the District.

Section 2. The Financial Advisor is hereby directed to prepare a Request For Proposals ("RFP") for the purpose of effecting such refunding, together with a mailing list of firms to which such RFP will be sent, and the School Business Administrator is hereby authorized and directed to forward such RFP by regular, express or electronic mail, or by facsimile transmission, to said firms and to all other parties as shall request same, or, in the alternative, the School Business Administrator may direct the Financial Advisor to transmit the RFP to potential Underwriters and to provide the School Business Administrator with copies of said RFP as well as a list of the organizations to which such RFP was sent, together with an affidavit of mailing.

Section 3. It is hereby announced that proposals for the refunding of certain Outstanding Bonds will be accepted by the District on a date to be determined which is not less than 14 days from the date hereof.

Section 4. The Financial Advisor is hereby requested to provide an evaluation of the proposals for consideration and discussion by the Board at a public meeting of the Board of Education to be held on a date to be determined which is not less than 14 days from the date hereof.

Section 5. The District reserves the right, as set forth in the Refunding Bond Resolution adopted on the date hereof to sell the refunding bonds via public or private sale.

Section 6. This resolution shall take effect immediately.

* * *

The adoption of the foregoing resolution was seconded by Board Member Mr. Leeman and duly put to a vote on roll call, which resulted as follows:

AYES: 4

NOES: 0

The resolution was declared adopted.

Resolution #211

On a motion by Mr. Leeman, seconded by Ms. Fotopoulos, the following resolution was offered:

Board Member Ms. Fotopoulos offered the following resolution and moved its adoption:

B) Authorization to Issue Refunding Bonds

REFUNDING BOND RESOLUTION OF THE HAMPTON BAYS UNION FREE SCHOOL DISTRICT, NEW YORK, ADOPTED APRIL 7, 2009, AUTHORIZING THE REFUNDING OF ALL OR A PORTION OF CERTAIN OUTSTANDING SERIAL BONDS OF SAID DISTRICT, STATING THE PLAN OF REFUNDING, APPROPRIATING AN AMOUNT NOT TO EXCEED \$5,500,000 THEREFOR, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$5,500,000 REFUNDING SERIAL BONDS OF THE DISTRICT TO FINANCE SAID APPROPRIATION, AND MAKING CERTAIN OTHER DETERMINATIONS ALL RELATIVE THERETO.

Recitals

WHEREAS, the Hampton Bays Union Free School District, in the County of Suffolk, New York (herein called the "District"), has heretofore issued on August 12, 1997, \$7,600,000 School District Serial Bonds-1997, which are currently outstanding in the principal amount of \$2,655,000, (the "1997 Outstanding Bonds");

WHEREAS, the 1997 Outstanding Bonds were issued pursuant to the bond resolution adopted by the Board of Education on April 24, 1996, authorizing the construction and reconstruction of various District buildings and the financing thereof (hereinafter the "1996 Bond Resolution") and such 1997 Outstanding Bonds mature on August 1 in the years and in the principal amounts and bear interest payable semiannually on February 1 and August 1 in each year to maturity, as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2009	\$615,000	4.70%
2010	645,000	4.75
2011	680,000	4.85
2012	715,000	4.90

WHEREAS, the 1997 Outstanding Bonds maturing on August 1, 2009 are subject to redemption prior to maturity at the option of the District on any date on or after August 1, 2008, as a whole or in part, at the redemption price equal to par;

WHEREAS, the District has heretofore issued on February 10, 1998, \$5,125,000 School District Serial Bonds-1998, which are currently outstanding in the principal amount of \$1,725,000 (the "1998 Outstanding Bonds" and together with the 1997 Outstanding Bonds, the "Outstanding Bonds"), which bonds were issued pursuant to the 1996 Bond Resolution and such 1998 Outstanding Bonds mature on February 1 in the years and in the principal amounts and bear interest payable semiannually on February 1 and August 1 in each year to maturity, as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$400,000	4.45%
2011	420,000	4.50
2012	440,000	4.55
2013	465,000	4.60

WHEREAS, the 1998 Outstanding Bonds maturing February 1, 2010 will be subject to redemption prior to maturity at the option of the District on any date on or after February 1, 2009, as a whole or in part, at the redemption price of par;

WHEREAS, Sections 90.00 and 90.10 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York (herein called "Law"), permit the District to refund all or a portion of the Outstanding Bonds by the issuance of new bonds, the issuance of which will result in present value debt service savings for the District; and

WHEREAS, in order effectuate the refunding, it is now necessary to adopt a refunding bond resolution;

NOW THEREFORE,

THE BOARD OF EDUCATION OF THE HAMPTON BAYS UNION FREE SCHOOL DISTRICT, NEW YORK HEREBY RESOLVES (by the favorable vote of two-thirds of all the members of said Board of Education), AS FOLLOWS:

Section 1. In this resolution, the following definitions apply, unless a different meaning clearly appears from the context:

- (a) "Bond To Be Refunded" or "Bonds To Be Refunded" means all or a portion of the Outstanding Bonds, as shall be determined in accordance with Section 8 hereof.**
- (b) "Escrow Contract" means the contract to be entered into by and between the District and the Escrow Holder pursuant to Section 10 hereof.**
- (c) "Escrow Holder" means the bank or trust company designated as such pursuant to Section 10 hereof.**
- (d) "Present Value Savings" means the dollar savings which result from the issuance of the Refunding Bonds computed by discounting the principal and interest payments on both the Refunding Bonds and the Bonds To Be Refunded from the respective maturities thereof to the date of issue of the Refunding Bonds at a rate equal to the effective interest cost of the Refunding Bonds. The effective interest cost of the Refunding Bonds shall be that rate which is arrived at by doubling the semi-annual interest rate (compounded semi-annually), necessary to discount the debt service payments on the Refunding Bonds from the maturity dates thereof to the date of issue of the Refunding Bonds and to the bona fide initial public offering price including estimated accrued interest, or, if there is no public offering, to the price bid, including estimated accrued interest.**
- (e) "Redemption Date" or "Redemption Dates" mean(s) August 1, 2008 or any date thereafter with respect to the 1997 Outstanding Bonds; and February 1, 2009 or any date thereafter with respect to the 1998 Outstanding Bonds, as determined by the President of the Board of Education pursuant to Section 8 hereof.**
- (f) "Refunding Bond" or "Refunding Bonds" means all or a portion of the \$5,500,000 Refunding Serial Bonds of the District, authorized pursuant to Section 2 hereof.**
- (g) "Refunding Bond Amount Limitation" means an amount of Refunding Bonds which does not exceed the principal amount of Bonds To Be Refunded plus the aggregate amount of unmatured**

interest payable on such Bonds To Be Refunded, to and including the Redemption Date, plus any redemption premiums payable on such Bonds To Be Refunded as of such Redemption Date, plus costs and expenses incidental to the issuance of the Refunding Bonds, including the development of the refunding financial plan, and of executing and performing the terms and conditions of the Escrow Contract and all fees and charges of the Escrow Holder as referred to in Section 10 hereof.

Section 2. The Board of Education of the District (herein called the “Board of Education”), hereby authorizes the refunding of the Bonds To Be Refunded and appropriates an amount not to exceed \$5,500,000 therefor to accomplish such refunding. The plan of financing said appropriation includes the issuance of not to exceed \$5,500,000 Refunding Bonds and the levy and collection of a tax upon all the taxable real property within the District to pay the principal of and interest on said Refunding Bonds as the same shall become due and payable. Serial Bonds of the District in the maximum principal amount of not to exceed \$5,500,000 are hereby authorized to be issued pursuant to the provisions of the Law. The proposed financial plan for the refunding in the form attached hereto as Exhibit A (the “refunding financial plan”) prepared for the District by its financial advisor, Capital Markets Advisors, LLC, and hereby accepted and approved, includes the deposit of all the proceeds of said Refunding Bonds with an Escrow Holder pursuant to an Escrow Contract as authorized in Section 10 hereof, the payment of all costs incurred by the District in connection with said refunding from such proceeds, and the investment of a portion of such proceeds by the Escrow Holder in certain obligations, the principal of and interest thereon, together with the balance of such proceeds to be held uninvested, shall be sufficient to pay (a) the principal of and interest on the Bonds To Be Refunded becoming due and payable on and prior to the Redemption Date and (b) the principal of and interest on and premium, if any, on the Bonds To Be Refunded to be called for redemption prior to maturity on the Redemption Date.

Section 3. The Bonds To Be Refunded referred to in Section 1 hereof are all or a portion of the Outstanding Bonds, as referred to in the Recitals hereof. In accordance with the refunding financial plan, the Refunding Bonds authorized in the aggregate principal amount of not to exceed \$5,500,000 shall mature in amounts and at dates to be determined. The President of the Board of Education, the chief fiscal officer of the District, is hereby authorized to approve all details of the refunding financial plan not contained herein.

Section 4. The issuance of the Refunding Bonds will not exceed the Refunding Bond Amount Limitation. The maximum period of probable usefulness (“PPU”) of the Bonds to be Refunded, as measured from the original date of issuance of said bonds or the first bond anticipation notes issued in anticipation of the sale of said bonds, is set forth in the following table:

<u>Project</u>	<u>Authorization Date</u>	<u>PPU</u>
Contruction and reconstruction of various District buildings	April 24, 1996	20 years

Section 5. The aggregate amount of estimated Present Value Savings is set forth in the proposed refunding financial plan attached hereto as Exhibit A, computed in

accordance with subdivision two of paragraph b of Sections 90.00 and 90.10 of the Law. Said refunding financial plan has been prepared based upon the assumption that the Refunding Bonds will be issued in the aggregate principal amount and will mature, be of such terms, and bear such interest as set forth therein. The Board of Education recognizes that the principal amount of the Refunding Bonds, the provisions, if any, for the redemption thereof prior to maturity, and whether or not all of the Refunding Bonds will be insured, and the resulting present value savings, may vary from such assumptions and that the refunding financial plan may vary from that attached hereto as Exhibit A.

Section 6. The Refunding Bonds may be sold at public or private sale and, if the Refunding Bonds are sold at private sale, the President of the Board of Education, the chief fiscal officer of the District, is hereby authorized to execute a purchase contract on behalf of the District for the sale of said Refunding Bonds, provided that the terms and conditions of such sale shall be approved by the State Comptroller. Prior to the issuance of the Refunding Bonds the President of the Board of Education shall have filed with the Board of Education all requisite certifications, including a certificate approved by the State Comptroller setting forth the Present Value Savings to the District resulting from the issuance of the Refunding Bonds. In connection with such sale, the District authorizes the preparation of an Official Statement and approves its use in connection with such sale, and further consents to the distribution of a Preliminary Official Statement prior to the date said Official Statement is available for distribution. In the event that the Refunding Bonds are sold at public sale pursuant to Section 57.00 of the Law, the President of the Board of Education is hereby authorized and direct to prepare or have prepared a Notice of Sale, a summary of which shall be published at least once in (a) "THE BOND BUYER", published in the City of New York and (b) the official newspaper(s) of the District having general circulation within said District, not less than five (5) nor more than thirty (30) days prior to the date of said sale. A copy of such notice shall be sent not less than eight (8) nor more than thirty (30) days prior to the date of said sale to (1) the State Comptroller, Albany, New York 12236; (2) at least two banks or trust companies having a place of business in the county in which the District is located, or, if only one bank is located in such County, then to such bank and to at least two banks or trust companies having a place of business in an adjoining county; (3) "THE BOND BUYER", 1 State Street Plaza, New York, New York 10004; and (4) at least 10 bond dealers. The President of the Board of Education and his designees are hereby further authorized and directed to take any and all actions necessary to accomplish said refunding, and to execute any contracts and agreements for the purchase of and payment for services rendered or to be rendered to the District in connection with said refunding, including the preparation of the refunding financial plan referred to in Section 2 hereof.

Section 7. Each of the Refunding Bonds authorized by this resolution shall contain the recital of validity prescribed by Section 52.00 of the Law and said Refunding Bonds shall be general obligations of the District payable as to both principal and interest by a general tax upon all the taxable real property within the District without limitation as to rate or amount. The faith and credit of the District are hereby irrevocably pledged to the punctual payment of the principal of and interest on said Refunding Bonds and provision shall be made annually in the budget of the District for (a) the amortization and redemption of the Refunding Bonds to mature in such year and (b) the payment of interest to be due and payable in such year.

Section 8. Subject to the provisions of this resolution and of the Law, and pursuant to the provisions of Section 21.00 of the Law with respect to the issuance of bonds

having substantially level or declining annual debt service, and Sections 50.00, 56.00 to 60.00, 90.10 and 168.00 of the Law, the powers and duties of the Board of Education relative to determining the amount of Bonds To Be Refunded, the Redemption Dates, prescribing the terms, form and contents and as to the sale and issuance of the Refunding Bonds, and executing any arbitrage certification relative thereto, as well as executing any agreements for credit enhancements and executing the Escrow Contract described in Section 10 and the Official Statement referred to in Section 6, are hereby delegated to the President of the Board of Education, the chief fiscal officer of the District.

Section 9. The validity of the Refunding Bonds authorized by this resolution may be contested only if:

- (a) such obligations are authorized for an object or purpose for which the District is not authorized to expend money, or
- (b) the provisions of law which should be complied with at the date of the publication of such resolution, or a summary thereof, are not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within twenty days after the date of such publication, or
- (c) such obligations are authorized in violation of the provisions of the constitution.

Section 10. Prior to the issuance of the Refunding Bonds, the District shall contract with a bank or trust company located and authorized to do business in this state, for the purpose of having such bank or trust company act as the Escrow Holder of the proceeds, if required by law, inclusive of any premium from the sale of the Refunding Bonds, together with all income derived from the investment of such proceeds. Such Escrow Contract shall contain such terms and conditions as shall be necessary in order to accomplish the refunding financial plan, including provisions authorizing the Escrow Holder, without further authorization or direction from the District, except as otherwise provided therein, (a) to make all required payments of principal, interest and redemption premiums to the appropriate paying agent with respect to the Bonds To Be Refunded, (b) to pay costs and expenses incidental to the issuance of the Refunding Bonds, including the development of the refunding financial plan, and of executing and performing the terms and conditions of the Escrow Contract and all of its fees and charges as the Escrow Holder, (c) at the appropriate time or times to cause to be given on behalf of the District the notice of redemption authorized to be given pursuant to Section 13 hereof, and (d) to invest the monies held by it consistent with the provisions of the refunding financial plan. The Escrow Contract shall be irrevocable and shall constitute a covenant with the holders of the Refunding Bonds.

Section 11. The proceeds, inclusive of any premium, from the sale of the Refunding Bonds, immediately upon receipt, shall be placed in escrow by the District with the Escrow Holder in accordance with the Escrow Contract. All moneys held by the Escrow Holder shall be invested only in direct obligations of the United States of America or in obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which obligations shall mature or be subject to redemption at the option of the holder thereof not later than the respective dates when such moneys will be required to make payments in accordance with the refunding financial plan. Any such moneys remaining in the custody of the Escrow Holder after the full execution of the

provisions of the Escrow Contract shall be returned to the District and shall be applied by the District only to the payment of the principal of or interest on the Refunding Bonds then outstanding.

Section 12. That portion of such proceeds from the sale of the Refunding Bonds, together with interest earned thereon, which shall be required for the payment of the principal of and interest on the Bonds To Be Refunded, including any redemption premiums, in accordance with the refunding financial plan, shall be irrevocably committed and pledged to such purpose and the holders of the Bonds To Be Refunded shall have a lien upon such moneys and the investments thereof held by the Escrow Holder. All interest earned from the investment of such moneys not required for such payments on the Bonds To Be Refunded shall be irrevocably committed and pledged to the payment of the principal of and interest on the Refunding Bonds, or such portion thereof as shall be required by the refunding financial plan, and the holders of such Refunding Bonds shall have a lien upon such moneys held by the Escrow Holder. The pledges and liens provided for herein shall become valid and binding upon the issuance of the Refunding Bonds and the moneys and investments held by the Escrow Holder shall immediately be subject thereto without any further act. Such pledges and liens shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the District irrespective of whether such parties have notice thereof. Neither this resolution, the Escrow Contract, nor any other instrument relating to such pledges and liens, need be filed or recorded.

Section 13. In accordance with the provisions of Section 53.00 and of paragraph h of Section 90.10 of the Law, the Board of Education hereby elects to call in and redeem all the Bonds To Be Refunded which are subject to prior redemption according to their terms on the Redemption Dates, as such dates are determined by the President of the Board of Education. The sums to be paid therefor on such Redemption Dates shall be the par value thereof, the accrued interest to the Redemption Dates and the redemption premiums, if any. The Escrow Holder is hereby authorized and directed to cause notice(s) of such call for redemption to be given in the name of the District by mailing such notice(s) to the registered holders of the Bonds To Be Refunded which are subject to prior redemption at least thirty days prior to such Redemption Dates. Upon the issuance of the Refunding Bonds, the election to call in and redeem the Bonds To Be Refunded subject to prior redemption on the Redemption Dates and the direction to the Escrow Holder to cause notice thereof to be given as provided in this Section shall become irrevocable and the provisions of this Section shall constitute a covenant with the holders, from time to time, of the Refunding Bonds, provided that this Section may be amended from time to time as may be necessary to comply with the requirements of paragraph a of Section 53.00 of the Law, as the same may be amended from time to time.

Section 14. The Board of Education of the Hampton Bays Union Free School District hereby appoints the firm of Hawkins Delafield & Wood LLP, One Chase Manhattan Plaza, New York, New York to provide all necessary Bond Counsel legal services in connection with the authorization, sale and issuance of the Refunding Bonds of the District.

Section 15. This bond resolution shall take effect immediately, and the District Clerk is hereby authorized and directed to publish the foregoing resolution, in summary, together with a Notice attached in substantially the form prescribed by Section 81.00 of the Law in "*The Southampton Press - Western Edition*," two newspapers having a

general circulation in the District and hereby designated the official newspapers of said District for such publication.

The adoption of the foregoing resolution was seconded by Board Member Ms. Mulcahy and duly put to a vote on roll call, which resulted as follows:

AYES: 4

NOES: 0

The resolution was declared adopted

ADJOURNMENT

On a motion by Ms. Fotopoulos, seconded by Mr. Leeman, the Special meeting adjourned at 5:12 PM

4 aye

Respectfully submitted,

**Larry Luce
Clerk Pro Temp**