Contact June 29, 2018

Bank e-mail@bank.com

Street

Whitehall MI 49461

Dear Contact:

On Monday, June 18, 2018, the Board of Education of Whitehall District Schools authorized the issuance of state aid notes in an amount not to exceed $2.0 million for the purpose of providing cash flow for operations. The borrowing is to be secured with anticipated state aid payments to be received on or about the 20th of each month, October 2017 through August 2018, with the January through August payments to be pledged to the payment of the notes. A copy of that resolution is provided and Exhibit A contains the specifics of the borrowing.

It is important to highlight that Whitehall is NOT a deficit district. This borrowing is due to cash flow timing. The district receives the majority of its funds in the monthly state aid payments and property tax revenue primarily in September and March. The bi-monthly payrolls, weekly payments to vendors, and end-of month benefit/tax payments create these cash flow timing needs. A projected cash flow is enclosed which shows significant and intermittent borrowing needs.

Whitehall has taken many significant steps over the past years to adjust to the economy. Positions have been reduced, eliminated, or shared with other districts. Some non-instructional services have been converted from an employee model to a contracted service model. Legislation in previous years has played a major role in helping the district control compensation costs – wage freezes and employee contributions to benefits. For the 2013-14 through 2017-18 fiscal years, the Board of Education has adopted a budget with a slight surplus to avoid any further use of fund balance. Those budgets are available on the Transparency page of the district’s website: <http://www.whitehallschools.net/>.

The district has seen improvements in its financial status recently. On March 17, 2017, Standard & Poor’s upgraded the district’s credit rating to A+/Stable. It appears that the State will be increasing the foundation grant by $200/pupil for the upcoming year. The district has reduced its borrowing needs from $4.25 million in 2013-14 to $2.0 million in 2018-19.

The district is particularly interested in receiving proposals from area banks to purchase the notes. I anticipate setting up an account and electronic transaction processing at the approved bank. Closing on the notes is anticipated to be either August 20, 2018 and payable on August 20, 2019. The most recent audits are also at the website above. The audit for the current year is upcoming.

Proposals are due 1:30 p.m. on Tuesday, July 10, 2018 at the Administration Office, 541 E Slocum Street, Whitehall, MI 49461. Facsimiles will be accepted if received by that time at 231-894-6450. Electronic submissions will also be accepted at [steveaardema@whitehallschools.net](mailto:steveaardema@whitehallschools.net). Proposals must include all costs of borrowing including set-up fees, transaction fees, interest rates and calculation methods. A single note will be delivered registered in the name of the purchaser. The successful proposer must provide a sophisticated investor certificate. By submitting a proposal, the financial institution shall be deemed to have certified that it is not an “Iran-Linked Business” as defined in Act 517 of the Michigan Public Acts of 2012, being MCL 129.311 et. seq. A recommendation will be made to the Board of Education at its July 16, 2018 meeting in order to have time to close on the loan.

For further information or to schedule an appointment, if needed, please contact me at the number above. I look forward to receiving your proposal and appreciate your time and consideration of this.

Sincerely,

Steven D. Aardema