



# THRUN

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July 7, 2016

*Sent Via Email and U.S. Mail*  
[goss@vicksburgschools.org](mailto:goss@vicksburgschools.org)

Mr. Stephen Goss  
Assistant Superintendent  
Vicksburg Community Schools  
301 South Kalamazoo Avenue  
P.O. Box 158  
Vicksburg, Michigan 49097-0158

Re: Vicksburg Community Schools \$780,334.00 Installment Purchase Agreements

Dear Mr. Goss:

Enclosed find three copies of a resolution to be adopted by the Board of Education. Please have all copies originally signed by the Secretary of the Board of Education. DO NOT SIGN THE EXHIBITS ATTACHED TO THE RESOLUTION. Make certain that the enclosed resolution is adopted at a legal meeting of your board; preferably, a meeting at which all members are present. In addition, public notice of a special board meeting or a rescheduled regular board meeting must be posted more than 18 hours prior to that meeting **and** posted on the home page of the district's website. See the enclosed information entitled "Special or Rescheduled Regular Board Meetings" for forms. If the resolution is adopted at a special or rescheduled regular meeting, please furnish me with: (a) a signed copy of the written call for the special or rescheduled regular meeting; (b) an affidavit as to method of service used; (c) a copy of the public notice as posted; (d) an affidavit relative to the physical posting of the public notice; and (e) an affidavit relative to posting of the public notice on the district's website. The website posting obligation is new.

Very truly yours,

THRUN LAW FIRM, P.C.

By   
Michael D. Gresens

MDG/bgk  
Enclosures

Vicksburg Community Schools, Kalamazoo and St. Joseph Counties, Michigan (the "Issuer")

A \_\_\_\_\_ meeting of the board of education of the Issuer (the "Board") was held in the \_\_\_\_\_, within the boundaries of the Issuer, on the 11th day of July, 2016, at \_\_\_\_ o'clock in the \_\_.m.

The meeting was called to order by \_\_\_\_\_, President.

Present: Members

Absent: Members

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

**WHEREAS:**

1. Act No. 99, Public Acts of Michigan, 1933, as amended, authorizes this Board to acquire real or personal property for public purposes through an installment purchase contract; and

2. The Board intends to purchase (A) eight (8) 77-passenger school buses and related equipment; and (B) three (3) 2017 Ford Sprinter vans and related equipment (collectively, the "Property") from (A) Holland Bus Company, Holland, Michigan, and (B) Simmons Ford, Inc., Vicksburg, Michigan, respectively (the "Vendors"), in the respective amounts of not to exceed (A) Six Hundred Ninety-Two Thousand Five Hundred Eighty-Four Dollars (\$692,584); and (B) Eighty-Seven Thousand Seven Hundred Fifty Dollars (\$87,750), and to enter into installment purchase agreements (the "Installment Purchase Agreements") to finance the purchase of the Property; and

3. The outstanding balance of all Issuer purchases of lands, property or equipment for public purposes, to be paid for in installments (i.e., installment purchase agreements, land contracts, leases, etc.), including purchases made pursuant to this Resolution, exclusive of interest, is \$ \_\_\_\_\_; and

4. The taxable value of the real and personal property within the Issuer as of the date hereof is \$ \_\_\_\_\_; and

5. This Board has received a bid from Southern Michigan Bank & Trust, Coldwater, Michigan (the "Bank"), attached hereto as Exhibit B, to finance the purchase of the Property at an interest rate of one and nine hundredths percent (1.09%) per annum.

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. Competitive bids for the purchase of the Property, as required by Section 1274 of the School Code of 1976, as amended, have been submitted, and the Board determines that it is in the best interest of the Issuer to accept the bid of the Vendors. The Issuer has complied with

all legal requirements with respect to competitive bidding related to the acquisition of the Property.

2. The Board determines that it is in the best interest of the Issuer to accept the bid from the Bank, as attached hereto as Exhibit B, to finance the acquisition of the Property through Installment Purchase Agreements among the Issuer, the Bank and the Vendors for a total amount not to exceed (A) Six Hundred Ninety-Two Thousand Five Hundred Eighty-Four Dollars (\$692,584); and (B) Eighty-Seven Thousand Seven Hundred Fifty Dollars (\$87,750) at an interest rate of one and nine hundredths percent (1.09%) per annum over a period of three (3) years with annual principal and interest payments beginning June 15, 2017, with annual interest thereon, based upon a 360-day year, 30-day month.

3. The Superintendent of Schools or the President, Vice President, Secretary or Treasurer of the Board shall execute the Installment Purchase Agreements in substantially the form attached hereto as Exhibit A on behalf of the Issuer, and the executed Installment Purchase Agreements shall be delivered to the Bank.

4. The Installment Purchase Agreements may not be prepaid, in whole or in part, prior to maturity.

5. The Issuer hereby irrevocably pledges to make the principal installments and interest payments on the Installment Purchase Agreements, beginning with the fiscal year 2016-2017 and during each fiscal year for which an operating budget is adopted, the first operating budget obligation within its authorized millage until such time as the principal installments and interest payments have been paid in full.

6. The Issuer hereby pledges its limited tax full faith and credit for the payment of the principal installments and interest payments on the Installment Purchase Agreements, payable from ad valorem taxes which will be levied within the authorized constitutional and statutory operating millage rate available to the Issuer and an irrevocable appropriation of a sufficient amount of taxes will be made each year from said millage rate for the payment of principal installments and interest payments on the Installment Purchase Agreements.

The obligation to pay the principal installments and interest payments will be the limited tax general obligation of the Issuer, and if tax collections are insufficient to pay the principal of or interest on the borrowings when due, the Issuer pledges to use any and all other resources available for the payment of principal and interest on the Installment Purchase Agreements.

7. The President, Vice President, Secretary, Treasurer, Superintendent, Assistant Superintendent, and individual acting in the capacity of the business official are each further authorized to execute any documents or certificates necessary to complete the transaction. Any of those officers may designate, in writing, an individual to act in their place with respect to the powers conveyed in this paragraph.

8. The useful life of the Property is hereby determined to be not less than six (6) years.

9. The Issuer hereby covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the execution of the Installment Purchase Agreements in order that interest thereon be or continue to be excluded from gross income for federal income tax purposes, including the filing of Form 8038-G or 8038-GC with the Internal Revenue Service.

10. The Issuer hereby designates the Installment Purchase Agreements as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions under the Internal Revenue Code of 1986, as amended. In making said designation, the Board determines that the reasonably anticipated amount of tax-exempt obligations which will be issued by the Issuer or entities which issue obligations on behalf of the Issuer during calendar year 2016 will not exceed \$10,000,000.

11. The outstanding balance of all of the Issuer's contractual agreements for the purchase of real or personal property, exclusive of interest, does not exceed 1.25% of the taxable valuation of real and personal property in the Issuer.

12. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution be and the same are hereby rescinded.

Ayes: Members

Nays: Members

Resolution declared adopted.

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Secretary, Board of Education

The undersigned duly qualified and acting Secretary of the Board of Education of Vicksburg Community Schools, Kalamazoo and St. Joseph Counties, Michigan, hereby certifies that the foregoing constitutes a true and complete copy of a resolution adopted by the Board at a \_\_\_\_\_ meeting held on July 11, 2016, the original of which is part of the Board's minutes. The undersigned further certifies that notice of the meeting was given to the public pursuant to the provisions of the "Open Meetings Act" (Act 267, Public Acts of Michigan, 1976, as amended).

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Secretary, Board of Education

MDG/bgk

**EXHIBIT A**

**INSTALLMENT PURCHASE AGREEMENT**

**PART I**

"OBLIGOR" means \_\_\_\_\_

"VENDOR" means \_\_\_\_\_

"Property" means \_\_\_\_\_

\_\_\_\_\_

"Purchase Price" means \$ \_\_\_\_\_

"Contract Amount" and "Principal" mean \$ \_\_\_\_\_

"Maturity Date", "Principal Installment", and "Interest Payment" shall have the meanings as described in Attachment A.

"Dated Date" means \_\_\_\_\_, \_\_\_\_\_

"Interest Rate" means the interest rates pursuant to Part II of this Installment Purchase Agreement which shall be \_\_\_\_\_.

The provisions of Part II of this Installment Purchase Agreement are hereby approved and incorporated herein.

**PART II**

THIS INSTALLMENT PURCHASE AGREEMENT (the "Installment Purchase Agreement") is dated as of the Dated Date by and between the OBLIGOR, a Michigan municipal corporation, the VENDOR, and \_\_\_\_\_ (the "BANK"), as assignee of VENDOR or registered assigns. All capitalized terms not defined in Part II shall have the meaning set forth in Part I.

1. Purchase Price, Title and Useful Life. The OBLIGOR agrees to purchase and VENDOR agrees to sell and provide the Property to the OBLIGOR for the Purchase Price. The Purchase Price includes all property, equipment, material, labor, tools, freights, service, cabling and installation. The BANK will pay the Contract Amount to the OBLIGOR in federal funds by wire transfer or other agreed upon method and the OBLIGOR will pay the full Purchase Price including the difference, if any, between the Contract Amount and the Purchase Price to the VENDOR immediately upon the receipt of the Contract Amount and the delivery of the Property to and acceptance of the Property by the OBLIGOR. Upon delivery to and acceptance by the OBLIGOR, title to the Property shall vest in the OBLIGOR. The OBLIGOR shall not sell, assign title to, lease, or obtain further financing with respect to the Property except with the permission of the BANK while Principal remains outstanding under this Installment Purchase Agreement. The OBLIGOR agrees that the useful life of the Property is equal to or longer than the date of the

final payment hereunder. The BANK may pledge this Installment Purchase Agreement as security for any obligation of the BANK.

2. Repayment Provisions. The OBLIGOR agrees to pay to the BANK the Principal in the Principal Installments on the Maturity Dates and interest payments on the unpaid Principal balance from the Dated Date at the Interest Rate on the Interest Payment Dates. The Interest Rate shall be the rate set forth in Part I. Interest shall accrue on the unpaid balance of the Principal from the date hereof at the Interest Rate computed on the basis of a 360-day year, 30-day month.

The Installment Purchase Agreement may not be prepaid, in whole or in part, prior to maturity.

It is expressly agreed between the VENDOR and the OBLIGOR, and the BANK by acceptance of the assignment of this Installment Purchase Agreement, that the OBLIGOR shall make all payments of principal or interest due hereunder directly to the BANK or to a depository as shall be designated in writing by the BANK. The OBLIGOR further agrees that it will deposit with the BANK, or if so directed shall deposit with said depository, all payments of principal or interest due hereunder in immediately available funds at least one business day before the date on which said principal or interest due hereunder is due or in such other manner or such other time as the BANK shall approve.

3. Incorporation by Reference. The VENDOR agrees to all of the instructions, terms and conditions as outlined in the OBLIGOR'S invitation for bids and the acceptance of the VENDOR'S bid by the OBLIGOR or any other agreement between the OBLIGOR and the VENDOR to purchase the Property (the "Purchase Agreement"). In the event of a conflict in terms between this document and the Purchase Agreement the specific terms of this Installment Purchase Agreement shall govern.

4. Assignment by VENDOR to BANK. The VENDOR hereby irrevocably assigns this Installment Purchase Agreement immediately to the BANK in consideration for payment from the BANK of the Contract Amount. The OBLIGOR hereby consents to that assignment, except with respect to the warranties and other obligations of the VENDOR set forth in Paragraphs 4, 7 and 9 of this Installment Purchase Agreement, all of which shall remain the sole responsibility of the VENDOR and shall not be assignable and the VENDOR hereby acknowledges that all of said warranties and other obligations shall not be assigned and remain the sole responsibility of the VENDOR. The OBLIGOR'S obligation to the BANK is absolute and unconditional and shall remain in full force and effect until the amounts owed hereunder shall have been paid by the OBLIGOR to the BANK and such obligation shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

a. Any failure of title with respect to the VENDOR'S interest in the Property or the invalidity, enforceability or termination of this Installment Purchase Agreement;

b. The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in this Installment Purchase Agreement;

c. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities,

receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or other similar proceedings affecting the VENDOR or any of its assets or any allocation or contest of the validity of this Installment Purchase Agreement, or the disaffirmance of this Installment Purchase Agreement in any such proceedings;

d. To the extent permitted by law, any event or action which would, in the absence of this clause, result in release or discharge by operation of law of the VENDOR from the performance or observation of any obligation, covenant or agreement contained in this Installment Purchase Agreement;

e. The default or failure of the VENDOR fully to perform any of its obligations set forth in this Installment Purchase Agreement or any other agreement; or

f. Any casualty or destruction of the Property.

After payment of the Contract Amount, the BANK shall have no liability for payment of monies to the VENDOR or for the performance of any obligations to the VENDOR. The VENDOR represents and warrants that the assignment of this Installment Purchase Agreement to the BANK does not violate any agreement, contract, or loan agreement to which it is a party and that the Installment Purchase Agreement has been duly executed and delivered by the VENDOR.

5. Limited Tax General Obligation. The obligation of the OBLIGOR to pay Principal Installments and interest payments is a limited tax general obligation subject to applicable constitutional, statutory and charter limitations, if any, on the taxing power of the OBLIGOR. The OBLIGOR shall include in its budget and pay each year, until this Installment Purchase Agreement is paid in full, such sum or sums as may be necessary each year to make payments of the Principal Installments and interest when due.

6. Delivery Date. It is agreed that the VENDOR has delivered or will deliver the Property. If the Property is not delivered simultaneously with the execution of this Installment Purchase Agreement, the VENDOR agrees to deliver the Property as provided in the Purchase Agreement.

7. Tax Covenant. The OBLIGOR covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to delivery of this Installment Purchase Agreement in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. The OBLIGOR has designated this Installment Purchase Agreement as a "qualified tax-exempt obligation" within the meaning of the Internal Revenue Code of 1986, as amended.

8. Warranty. Warranties, if any, with respect to the Property shall not be assigned but shall remain enforceable by the OBLIGOR.

9. Entire Agreement. Except for closing documents delivered in connection with the Installment Purchase Agreement to the BANK, this Installment Purchase Agreement (including the provisions of the Purchase Agreement incorporated by reference in Paragraph 4 above) constitutes the entire agreement of the parties. All other prior or contemporaneous agreements, understandings, representations and statements, oral or written, are hereby terminated.

10. Amendments. Any attempt to modify the term of this Installment Purchase Agreement or of any supporting document shall be ineffectual unless approved in writing by the BANK.

11. Counterparts. This Installment Purchase Agreement may be executed in any number of counterparts and all of said counterparts taken together shall be deemed to constitute one and the same agreement.

**VENDOR:**

HOLLAND BUS COMPANY  
HOLLAND, MICHIGAN

By: \_\_\_\_\_

Its: \_\_\_\_\_

**OBLIGOR:**

VICKSBURG COMMUNITY SCHOOLS  
COUNTIES OF KALAMAZOO AND ST.  
JOSEPH  
STATE OF MICHIGAN

By: \_\_\_\_\_

Its: \_\_\_\_\_

**VENDOR:**

SIMMONS FORD, INC.  
VICKSBURG, MICHIGAN

By: \_\_\_\_\_

Its: \_\_\_\_\_

Approved:

**BANK:**

SOUTHERN MICHIGAN BANK & TRUST  
COLDWATER, MICHIGAN

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ATTACHMENT A**

**MATURITY SCHEDULE**

<b>MATURITY DATE</b>	<b>PRINCIPAL INSTALLMENT</b>	<b>INTEREST PAYMENT</b>	<b>TOTAL</b>
June 15, 2017	\$257,766.58	\$7,796.84	\$265,563.42
June 15, 2018	\$259,867.44	\$5,695.98	\$265,563.42
June 15, 2019	\$262,699.98	\$2,863.43	\$265,563.41
<b>TOTAL</b>	<b>\$780,334.00</b>	<b>\$16,356.25</b>	<b>\$796,690.25</b>

John H. Castle  
Chairman and  
Chief Executive Officer



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51 West Pearl Street • P.O. Box 309 • Coldwater, MI 49036-0309 • Phone 517.279.5504 • Fax 517.278.8469

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VIA FAX DELIVERY

269-321-1055

July 7, 2016

Mr. Stephen Goss  
Assistant Superintendent  
Vicksburg Community Schools  
301 South Kalamazoo Avenue  
Vicksburg, MI 49097

Re: Proposal for Vicksburg Schools 2016 LTGO Installment Purchase Agreements

Dear Mr. Goss,

Southern Michigan Bank & Trust offers to accept assignments from Holland Bus Company and Simmons Ford, Inc., "the Vendors", on \$780,334.00 Vicksburg Community Schools, Counties of Kalamazoo & St. Joseph, State of Michigan, 2016 LTGO Installment Purchase Agreement "IPA".

Settlement is at par and flat at issuance, date to be determined. Calculations based on Issuance and Settlement date of July 15, 2016. Alteration will affect the net interest cost. Interest and Principal are payable annually in equal installments from June 15, 2017 to June 15, 2019. IPA is not subject to early redemption. No other fees are involved. The Net Interest Rate for the term of the agreement is 1.09%. The rate is based on the issuance being designated bank qualified tax-exempt under section 265(b)(3)(B) of the code as stated in the solicitation. If deemed not bank qualified tax-exempt, the rate will convert to the tax-equivalent rate. The Net Interest Cost based on a 30-day month / 360-day year method, for the term of the agreement is \$16,356.25.

Maturity	Principal	Interest	Payment	Rate	Balance
07/15/16	<i>Tentative</i>				780,334.00
6/15/2017	257,766.58	7,796.84	265,563.42	1.090%	522,567.42
6/15/2018	259,867.44	5,695.98	265,563.42	1.090%	262,699.98
6/15/2019	262,699.98	2,863.43	265,563.41	1.090%	0.00
	780,334.00	16,356.25	796,690.25		0.00

Southern Michigan Bank & Trust certifies that this bid is submitted in accordance with the specifications and conditions governing this bid request and that Southern Michigan Bank & Trust is not an "Iran linked business" within the meaning of the Iran Economic Sanctions Act, Act 517, Community Acts of Michigan, 2012.

Sincerely,



John H. Castle  
Chairman and Chief Executive Officer  
Southern Michigan Bank & Trust  
[jcastle@smb-t.com](mailto:jcastle@smb-t.com)