

We are declining the request for approval because Judge Rhodes has failed to deliver requested information so adequate diligence could be performed. We delivered the information request to his representative Attorney Rodriguez. As of this time not one of the requested items has been delivered.

Chief of those questions is the Detroit Public School current out of deficit and if so why is there still under emergency management? We consider this answer incorrect because the State of Michigan has allocated \$617 million dollars over the next 10 year to pay-off debts to and improvements to the district. The current obligation are now being paid over a 10 years period of time which now makes them long-term also to match the debts with the revenue over the next ten years. Which makes out short-term debt current long-term which clears of the deficit. The intent of the State legislature was to cover the debt incurred by the Emergency Manager's over the past their term of control over the District.

Why is the District being split into two District if the current one is current solvent? This questions still has not been answered. We estimated that the administrative cost of running a second District to collect taxes only will cost the taxpayers \$3,500,000.00 per year. That is paid staff, lease of space, professional fees, etc. The cost of \$35 million would be better spent on student growth.

Is that just an indirect way to continue emergency management for six additional months? Questions has not been answered. Which gives the state the opportunity to hinder the progress of the District by having sole decision making authority over all need contracts which public input and consideration. Why would the old District or new District want the same service and contracts that ran up a 515 million dollar deficits? Questions has not been answered.

Pursuant to section 19 of Act 436, 1 hereby submit to the Board of Education (the "**Board**") of the School District of the City of Detroit (the "**District**") actions under sections 12(1)(r), 12(1)(u), 14(d) of Act 436 authorized by me in my capacity as emergency manager for the District.

- approval of the borrowing of up to \$235,000,000.00 and issuance of school financing stability bonds by the District under section 1356 of The Revised School Code, 1976 PA 451, as amended, MCL 380.1356, for the purpose of eliminating a deficit or refunding or refinancing state aid anticipating notes and related multiyear repayment obligations of the District, or both; and

We ask what the interest rate on the bond is. What are the interest rates for all the bonds for the last eight years of emergency management? Questions has not been answered. At the same time what was the State of Michigan borrowing rate. From testimony to the State Law maker there was no risk of loss on these bond because they were backed by the full faith and credit of the State of Michigan. Therefore, it's our opinion that there should not have been a risk premium on any borrowing because there is no risk of loss per Judge Rhodes. Questions is still outstanding how the District paid risk premium on bonds with no risk and what where the cost of those bonds.

Therefore, we questioned the rate proposed up rate of 18% on these bond request. We ask for rate comparison discussed previously. In addition, a complete list of the fees paid for all bond issue for the year under emergency management. We also requested which companies and subcontractor received fees and the amounts. Request remains outstanding.

It is our continuation that if risk premium were charged those companies involved should be barred from participation in any business activities of the district and we will be turning this information over to U. S. Attorney's office and the SEC for consideration of possible investigation. We intend to act on for the best interest of the taxpayer.

We are not going to refer this information to State of Michigan AG because if he can't bring people to justice in Flint after 10

people have been killed from negligence...this wouldn't get any attention our only hope is the Federal Government.

Our Alternative is to have a third party financial advisors hired by the Board review the option not limited to:

Retaining the same loan because if we drop the interest rate but pay 5 points in fees then we are actual payment more for the loan.

Get a loan from a cost loan and save on the fee of issuing bonds.

- approval of the borrowing of \$150,000,000.00 by the District under the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.942, for transitional operating costs under section 3(1)(b) of the Emergency Municipal Loan Act, including transitional operating costs incurred by the Community School District of the City of Detroit consistent with section 12b of The Revised School Code, 1976 PA 451, as amended, MCL 380.12b.

Alternative:

We would like to approve this loan at no more than 2% with the contingencies that we have oversight of the awarding of the contracts to ensure the citizens of the City of Detroit get a fair opportunity to participate in the rebuilding of our school district.

1. That the Board gets to hire the professional that process the loan. Which would not include those that had the District paying higher rates for previous loans.
2. That the Board is involved in the contracting of services for the \$150,000,000.00 to ensure that all companies get a fair opportunities at the awards.

We consider it negligence that we will let the same group of people that ran up a 500 million deficit be in sole control of the awarding \$150 million in new contract. It like approving the third Episode of American Greed – Detroit. It's not fair to citizens of Detroit or State of Michigan.

- transfer of assets of the School District of the City of Detroit to the Detroit Public Schools Community District as required by section 12b of The Revised School Code, 1976 PA 451, as amended, MCL 380.12b.

We will not vote to transfer the assets from a solvent District to another District for the sole purposes of emergency management for another 6 months and another round of contracts for the "Good Old Boys".

We request that the District the continue operations without the transfer of assets and the funds (\$20,000,000.00) set-a-side for the transfer of those assets be used to improve the districts building improvements. Because there are is no need for a A and B District because all the creditors are being made whole.

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That we be resented as the Board to oversee the operations of the Board. That the new District only acts as a pass-through entity for the collection of revenue until we can get legislation to eliminate the second District. This will save provide an

additional \$20,000,000.00 for the improvement of the academic success of the students. This would also eliminate the estimated \$3,500,000.00 in administrative cost of the old district. Over 10 years that is a savings of \$35,000,000.00.

These proposed actions are necessary to address the District's financial emergency and provide for the education of Detroit residents consistent with legislation recently enacted by the State of Michigan, including Public Act 192 of 2016. The rationale for the proposed actions is detailed in the attached authorization. I respectfully request the Board

Highlights

1. Save \$20,000,000.00 in cost by not transferring the assets to a new District. These are the fees to transfer the assets.
2. Save \$35,000,000.00 of administrative cost of running a second District to collect fees over a 10-year period of time.
3. Give other companies opportunities to provide services not the same ones that ran up a \$515 million deficit.
4. Give small & Detroit base businesses opportunities for contracts from the \$150,000,000.00 that Detroit property owners will be liable for over the next 10 to 20 years.