

To: Board of Education

From: Kathy Johnson, director, finance, ext. 2376

Re: Resolution for Lease Purchase Agreement – 711 East 23rd Street

Date: May 5, 2017

Background:

On January 9, 2017, the Board of Education approved the capital improvement plan. Lease financing for facility improvements required on property purchased at 711 East 23rd Street was included in the plan. This is the future location of the district's Facilities and Operations Department and a warehouse.

Rationale and Recommendation:

The expected total of all payments to be made by the district pursuant to the lease (excluding amounts required for maintenance, taxes or insurance on the improvements) is \$5,979,600 of which \$4,850,000 represents the estimated principal amount of the lease and \$1,129,600 represents the estimated interest on the lease.

Bids for financing arrangements will be done to secure the best interest rate for the district.

The Board of Education is required to approve a resolution authorizing the district to enter into a Lease Purchase Agreement for the purpose of financing the acquisition, construction, installation, extension, remodeling, improvement and equipping of new and existing facilities.

Motion:

"I move the Board of Education approve **Resolution 2017-05-08a** authorizing the District to enter into a Lease Purchase Agreement for the purpose of financing the acquisition, construction, installation, extension, remodeling, improvement and equipping of new and existing facilities up to the amount of \$5,979,600 (\$4,850,000 estimated principal + \$1,129,600 estimated interest) and authorize officials and officers of the District, Gilmore & Bell, P.C., the District's bond counsel, and other consultants to proceed with the planning and document preparation of the Improvements, the Lease and other legal documents necessary in order to comply with the intent of this resolution, subject to final approval of such documents by the governing body of the District."



RESOLUTION 2017-05-08a

A RESOLUTION OF THE GOVERNING BODY OF UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE), DECLARING INTENT TO ENTER INTO A LEASE PURCHASE AGREEMENT FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION, INSTALLATION, EXTENSION, REMODELING, IMPROVEMENT AND EQUIPPING OF NEW AND EXISTING FACILITIES.

WHEREAS, the governing body of Unified School District No. 497, Douglas County, Kansas (Lawrence) (the "District") has considered the need of the District and its residents for certain equipment and property, including the construction, improvement, remodeling and equipping of new and existing facilities (the "Improvements"), and have found and determined that making the Improvements is in the public interest; and

WHEREAS, the governing body of the District has considered various means of financing the Improvements, and has found and determined that it would be in the public interest to finance the Improvements through the execution and delivery of a lease purchase agreement; and

WHEREAS, pursuant to K.S.A. 72-8225, and subject to the conditions set forth in K.S.A. 10-1116b and 10-1116c, the District has legal authority to authorize the Improvements and the financing of the same through the execution and delivery of a lease purchase agreement.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE):

Section 1. Authorization to Acquire, Construct and Equip the Improvements.

The District is hereby authorized to complete final plans and specifications and to contract for the construction, improvement, remodeling and equipping of the Improvements at an estimated cost of \$5,979,600.

Section 2. Intent to Enter into Lease Purchase Agreement. The governing body of the District shall commence negotiations to enter into a lease purchase agreement (the "Lease") to provide financing for Improvements, containing such terms, conditions and provisions as shall be acceptable to the governing body of the District.

Section 3. Conditions to Execution and Delivery of the Lease. The execution and delivery of the Lease is subject to the publication and protest period requirements of K.S.A. 10-1116c, adoption of a resolution approving the forms and authorizing the execution of the Lease and a site lease, if necessary, and execution and delivery of such legal documents as may be necessary in connection with it, the terms of which shall be satisfactory to the governing body of the District and to the lessor named therein.

Section 4. Expenditure of Funds in Anticipation of Financing. In order to permit and expedite the construction, improvement, remodeling and equipping of the Improvements and realization of the public benefits to be derived from it, the District may expend lawfully available funds prior to execution and delivery of the Lease, to be reimbursed upon execution and delivery of the Lease.

Section 5. Declaration of Official Intent. This Resolution shall constitute a declaration of official intent under Treasury Regulation Section 1.150-2

Section 6. Total of Payments; Publication of Resolution. The expected total of all payments to be made by the District pursuant to the Lease (excluding amounts required for maintenance, taxes or insurance on the Improvements) is \$5,979,600 of which \$4,850,000 represents the estimated principal amount of the Lease and \$1,129,600 represents the estimated interest on the Lease. The Clerk of the governing body is hereby authorized and directed to publish this Resolution once each week for 2 consecutive weeks in a newspaper of general circulation within the boundaries of the District. If a protest petition signed by not less than 5% of the qualified voters of the District, as determined by the vote for secretary of state at the last general election, is filed with the county election officer within 30 days following the last publication of this Resolution, the proposed Lease shall not take effect unless approved by a majority of the qualified voters of the District voting at an election to be held thereon as prescribed in K.S.A. 10-1116c.

Section 7. Further Authority. The officials and officers of the District, Gilmore & Bell, P.C., the District's bond counsel and other consultants are authorized to proceed with the planning and document preparation of the Improvements, the Lease and other legal documents necessary in order to comply with the intent of this resolution, subject to final approval of such documents by the governing body of the District.

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ADOPTED BY the governing body of District on May 8, 2017.