

To: Board of Education

From: Kathy Johnson, executive director, finance

Re: Approval of Resolution to Authorize Sale of General Obligation Bonds

Date: September 10, 2018

Background:

On May 2, 2017 electors in Lawrence Public Schools approved the issuance of general obligation bonds in an amount not to exceed \$87,000,000 to pay the costs to construct additions to and renovate, improve, repair, equip and furnish Lawrence High School, the other existing secondary schools including Lawrence Free State High School, Liberty Memorial Central Middle School, South Middle School, Southwest Middle School, West Middle School, and the College and Career Center; to make technology improvements throughout the district.

On September 11, 2017 the Board of Education approved the sale of the first half of the 2017 Bonds, \$43,500,000 series 2017-A

Rationale:

The bond projects have progressed and it is time for sale of the 2nd half of the bonds. 2018-A series. The first official step in the process is to adopt a resolution authorizing the sale of new general obligation bonds. After the resolution is adopted, district staff, George K. Baum & Company, and Gilmore & Bell will prepare for the offering of the new bonds. It is anticipated that the results of the sale will be presented to the Board of Education at its September 24, 2018 meeting for final acceptance.

Recommendation:

Administration recommends that the Board of Education adopt a resolution to permit staff and the district's advisors to proceed with preparing for the sale of General Obligation bonds, up to the amount of \$43,500,000, the 2nd half of the bonds approved at the 2017 election.

Motion:

"I move the Board of Education adopt a resolution (2018-0910) authorizing the offering for sale of General Obligation bonds, Series 2018-A of Unified School District No. 497, Douglas County, Kansas (Lawrence)."

EXHIBIT A

CERTIFICATE DEEMING PRELIMINARY OFFICIAL STATEMENT FINAL

[September 10, 2018]

To: _____

Re: Unified School District No. 497, Douglas County, Kansas (Lawrence) General Obligation Bonds, Series 2018-A

The undersigned is the duly acting Board Treasurer of Unified School District No. 497, Douglas County, Kansas (Lawrence) (the "Issuer"), and is authorized to deliver this Certificate to the addressee (the "Purchaser") on behalf of the Issuer. The Issuer has previously caused to be delivered to the Purchaser copies of the Preliminary Official Statement (the "Preliminary Official Statement") relating to the above-referenced bonds (the "Bonds").

For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c212(b)(1) of the Securities and Exchange Commission (the "Rule"), the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be final as of its date, except for the omission of such information as is permitted by the Rule, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Bonds depending on such matters.

**UNIFIED SCHOOL DISTRICT NO. 497,
DOUGLAS COUNTY, KANSAS (LAWRENCE)**

By: _____
Title: Board Treasurer

EXHIBIT B

**FIDUCIARY ENGAGEMENT AGREEMENT
FOR
MUNICIPAL ADVISORY SERVICES**

This Fiduciary Engagement Agreement for Municipal Advisory Services (“Agreement”) is made this day of _____, 2018, by and between Unified School District No. 497, Douglas County, Kansas (Lawrence) (“Issuer”), and George K. Baum & Company, located at 4801 Main Street, Kansas City, Missouri 64112 (“GKB”).

PURPOSE: The Issuer has identified a specific need to issue the final series of general obligation bonds in the principal amount of \$43,500,000 authorized pursuant to a bond election held on May 2, 2017 (the “Transaction”). The Issuer deems it in its best interest to engage and retain GKB, an independent registered municipal advisor firm, to provide certain municipal advisory services to the Issuer for or related to the Transaction, including but not limited to the preparation of supporting data, bond market information, and assistance in obtaining bond ratings.

CONSIDERATION: Consideration for this Agreement includes the services, compensation, and mutual exchange of promises of the parties specified herein.

SPECIFIC PROVISIONS: The provisions of the above “Purpose” section are material and binding terms of this Agreement.

1. **GKB’s Obligations, Scope of Services and Limitations on Scope of Services.** GKB shall provide the Issuer with the following municipal advisory services for or related to the Transaction (collectively, the “Scope of Services”), subject to the limitations set forth herein:
 - A. Will work with the Issuer, and others as directed by the Issuer, concerning the legal and financial issues associated with the Transaction.
 - B. Will attend all meetings and be available to the Issuer, and its other agents, for consultation and conference at times and places mutually agreed upon.
 - C. Will assist in the preparation of a credit presentation for bond rating agencies and bond insurance companies, if any.
 - D. Will assist in the collection of information and the preparation of the documents necessary to accomplish the Transaction including any related contracts, agreements or other documents related to offering securities either for purchase or sale, all of which shall be appropriately executed and satisfactory to the Issuer.
 - E. Will assist in the gathering of financial, statistical or factual information relating to (i) the Issuer, and (ii) GKB and its role as Issuer’s municipal advisor, to be included in the Issuer’s preliminary or final official statement or other documents for the Transaction.
 - F. If the Transaction involves the issuance of municipal securities to be sold on a competitive bid basis and Issuer has not engaged disclosure counsel to prepare the preliminary and final official statement, GKB will assist the Issuer with its preparation of the preliminary and final official statement and the bid package, obtain CUSIP numbers and provide an electronic version of the official statement to the winning underwriter.

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- G. Will advise Issuer with regard to any continuing disclosure undertaking required to be entered into in connection with the Transaction, including advising on the selection of a dissemination agent, if any.
 - H. For a competitive bid sale, GKB will assist Issuer in collecting and analyzing bids submitted by underwriters and in connection with Issuer's selection of a winning bidder.
 - I. Will arrange for closing and delivery of any bonds.
 - J. Will provide such other usual and customary financial advisory services for or related to the Transaction as may be requested by Issuer.
 - K. Municipal Securities Rulemaking Board ("MSRB") Rule G-42 requires that GKB, when acting as Issuer's municipal advisor, make a reasonable inquiry as to the facts that are relevant to Issuer's determination whether to proceed with a course of action, or that form the basis for any advice (recommendations) provided by GKB to Issuer regarding any municipal financial product or the issuance of municipal securities. Rule G-42 also requires that GKB undertake a reasonable investigation to determine that it is not basing any such advice (recommendation) on materially inaccurate or incomplete information. GKB is also required under Rule G-42 to use reasonable diligence to know the essential facts about Issuer and the authority of each person acting on Issuer's behalf.
 - L. MSRB Rule G-42 requires that GKB provide Issuer with disclosures of (i) material conflicts of interest, and (ii) of information regarding certain legal events and disciplinary history. Those disclosures are provided in GKB's Municipal Advisory Disclosure Statement delivered to Issuer prior to or together with this Agreement.
 - M. It is expressly understood and agreed that, under this Agreement, GKB is acting as a municipal advisor and fiduciary to the Issuer for or related to the Transaction. GKB retains the right to be engaged by the Issuer on other transactions in a capacity other than as a municipal advisor or fiduciary.
 - N. It is expressly understood and agreed that the Scope of Services is limited solely to the services described in this Agreement.
 - O. Unless otherwise provided in the Scope of Services described above, GKB is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about GKB, in its role as Issuer's municipal advisor, provided by GKB for inclusion in such documents.
 - P. It is expressly understood and agreed that the Scope of Services does not include tax, legal, accounting or engineering advice with respect to the Transaction or in connection with any opinion or certificate rendered by counsel or any other person at closing, and does not include review or advice on any feasibility study.
 - Q. The Scope of Services may be changed only by written amendment or supplement to this Agreement. The parties agree to promptly amend or supplement the Scope of Services described above to reflect any material changes or additions to the Scope of Services.
2. **Issuer's Obligations.** The Issuer's obligations shall include the following, subject to the limitations set forth herein:

Fiduciary Engagement Agreement for Municipal Advisory Services

- A. Retain GKB as its municipal advisor for and related to the Transaction.
 - B. Cooperate with GKB in the proper development of the Transaction and provide all pertinent information needed to allow GKB to (i) fulfill its duties under Rule G-42, (ii) provide the Issuer with informed advice, and (iii) support the desired Transactions on behalf of the Issuer.
 - C. To the extent Issuer seeks to have GKB provide advice with regard to any recommendation made to Issuer by a third party other than an underwriter for the Transaction, including but not limited to any underwriter for the Transaction, Issuer agrees that it will provide GKB with written direction to do so, as well as any information Issuer has received from such third party relating to its recommendation.
 - D. Issuer agrees to observe and comply with the limitations on GKB's Scope of Services described above.
 - E. Will retain a nationally recognized firm of bond attorneys and utilize the services of the Issuer's attorney.
 - F. Will pay for all costs of legal advice, printed matter, advertising, bond ratings, bond insurance premium, required audits and other professional services.
 - G. Reimburse GKB for all reasonable costs and expenses incurred by GKB that are related to the Transaction, including but not limited to reasonable travel expenses to meet with rating agencies, if any.
 - H. Pay GKB an advisory fee of \$25,000, at the time of the completion of the Transaction.
3. **Term.** The term of this Agreement shall commence on the date indicated above, and shall expire on the completion of the Transaction, except as terminated earlier pursuant to the provisions below.
 4. **Termination.** The Issuer, at its sole discretion, may terminate this Agreement at any time by providing a written notice of termination to GKB. At the termination of this Agreement, the Issuer shall reimburse GKB such reasonable costs and expenses incurred to the date of such termination, which payment shall be in full satisfaction of all claims against the Issuer under this Agreement.
 5. **Additional Transactions.** During the Term of this Agreement, if the Issuer decides to consider or pursue other or additional financing, either for the Project or for other separate projects the Issuer identifies from time-to-time ("Additional Transactions"), the Issuer may engage GKB to act as its investment banker to provide financial advisory, or municipal advisory, or underwriting or placement agent services for any of those Additional Transactions. In that event, the parties will execute separate written engagement agreements for each of any such Additional Transactions. Until such a separate additional agreement is in place, the parties understand and agree that GKB will not provide any advice or recommendations to the Issuer regarding any such Additional Transactions.
 6. **Authority.** Each of the undersigned representatives of the respective parties represents and warrants that he or she has full legal authority to execute this Agreement on behalf of that respective party. In addition, the Issuer further represents and warrants that unless the Issuer provides written notice to

Fiduciary Engagement Agreement for Municipal Advisory Services

GKB to the contrary, any officer of the Issuer has the authority (i) to act on behalf of the Issuer, (ii) to request or direct on behalf of the Issuer that GKB take or refrain from taking certain actions within the Scope of Services under this Agreement, and (iii) to sign any documents on behalf of the Issuer.

7. **Execution.** This Agreement may be executed in multiple counterparts and together such counterparts will be deemed an original.

IN WITNESS WHEREOF, the parties here have executed this Agreement the day and year first above written.

AGREED TO AND ACCEPTED:

GEORGE K. BAUM & COMPANY

By: _____

Printed Name: _____

Title: _____

**UNIFIED SCHOOL DISTRICT NO. 497
DOUGLAS COUNTY, KANSAS**

By: _____

Printed Name: _____

Title: _____