

To: Board of Education

From: Jerri Kemble, assistant superintendent, leading, learning & technology
Jennifer Fessenden, supervisor of technology services
Kathy Johnson, executive director, finance

Re: Technology purchase and equipment lease

Date: February 8, 2018

Background:

In June 2014, the Board of Education approved an equipment lease for apple technology devices, refreshing aging laptops and implementing blended learning. The 2014 lease was a 4 year lease in the amount of \$2,161,948.59.

Rationale-

In order to maintain current devices for our teaching staff and take full advantage of the trade in value of the devices purchased four years ago, a new capital lease to replace the devices is proposed.

Using Apple Inc education pricing, the quote for this initiative is \$1,429,520.00. Apple Inc. has offered the district an equipment lease purchase option, through Apple Financial Services Education Finance, of 4 years at a rate of 0.99%. The amount of the lease is for the full price of the education price quote.

Annual payment schedule would be as follows:

Payment Number	Payment Date	Payment	Interest	Principal	Purchase Price after scheduled Payment	Balance
Commencement	2/28/2018					1,429,520.00
1	2/28/2018	362,678.21	0	362,678.21	1,090,845.73	1,066,841.79
2	2/28/2019	362,678.21	10,561.74	352,116.47	730,806.64	714,725.32
3	2/20/2020	362,678.21	7,075.78	355,602.43	367,203.16	359,122.89
4	2/20/2021	362,678.21	3,555.32	359,122.89	0	0
Total		\$1,450,712.84	21,192.84	\$1,429,520.00		

By financing the technology equipment with Apple, the expense from the technology capital outlay budget is spread out over 4 years and minimizes the drain on the technology capital outlay budget in a single year, allowing for other projects to occur.

Recommendation:

Administration recommends purchasing from Apple Inc., \$1,429,520 of Apple technology, per their education price quote #2204427027. Apple technologies are proprietary products and Apple Inc. is the sole source provider. The recommendation for

financing this purchase is an equipment lease through Apple Financial Services Education Finance.

Motion:

"I move the board of education purchase from Apple Inc. \$1,429,520 of Apple technology, per their education price quote and approve a resolution authorizing Unified School District No. 497, Douglas County, KS (Lawrence) to enter into a lease purchase transaction, the proceeds of which will be used to pay the costs of acquiring technology equipment for the district and to approve the execution of certain documents in connection therewith."

RESOLUTION No. 2018-02-12

A RESOLUTION AUTHORIZING UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE), TO ENTER INTO A LEASE PURCHASE TRANSACTION, THE PROCEEDS OF WHICH WILL BE USED TO PAY THE COSTS OF ACQUIRING TECHNOLOGY EQUIPMENT FOR THE DISTRICT AND TO APPROVE THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH.

WHEREAS, Unified School District No. 497, Douglas County, Kansas (the “District”) desires to acquire certain technology equipment from Apple Inc. as described in the Supplemental Lease (as defined below), for a purchase price of \$1,429,520.00 (the “Equipment”); and

WHEREAS, the District has previously entered into that certain Master Lease Purchase Agreement dated June 24, 2014 (the “Master Lease”) with Apple Inc., as lessor (the “Lessor”) pursuant to which the District, as lessee, has leased certain equipment from the Lessor with an option to purchase Lessor’s interest in the equipment; and

WHEREAS, the Master Lease permits the District and the Lessor to enter into supplemental schedules that permit the leasing of certain additional equipment, including the Equipment; and

WHEREAS, the Board of Education has determined that it is in the best financial interests of the District to enter into a supplemental schedule to the Master Lease to obtain funds to pay the costs of the Equipment based on the proposal by Apple Inc. (the “Proposal”); and

WHEREAS, in order to facilitate the foregoing and to pay the cost thereof, it is necessary and desirable for the District to take the following actions:

1. Enter into Schedule No. PUB17362 (the “Supplemental Lease”) with Apple Inc., as lessor (“Lessor”), pursuant to which the District, as lessee, will lease the Equipment from the Lessor with an option to purchase Lessor’s interest in the Equipment.

2. Enter into an Escrow Agreement (the “Escrow Agreement”) with Lessor and the escrow agent to be named therein (the “Escrow Agent”), pursuant to which the proceeds of the Supplemental Lease will be held in trust by the Escrow Agent pending their use to purchase the Equipment.

The Supplemental Lease and the Escrow Agreement are referred to together herein as the “District Documents.”

THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE), AS FOLLOWS:

Section 1. Authorization and Approval of District Documents.

(a) The Proposal of Apple Inc. is hereby accepted. The District Documents are hereby approved in substantially the forms submitted to and reviewed by the Board of Education on the date hereof, with such changes therein as shall be approved by the officer of the Board of Education executing the District Documents after consultation with the District’s legal counsel, such officer’s execution of the District Documents to be conclusive evidence of such approval, with closing of the transaction and the items of Equipment included in the Supplemental Lease to be at the discretion and direction of the President of the Board of Education.

(b) The obligation of the District to pay Rental Payments (as defined in the Lease) under the Supplemental Lease is subject to annual appropriation and will constitute a current expense of the District and will not in any way be construed to be an indebtedness or liability of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness or liability by the District, nor will anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the District, and all provisions of the Lease will be construed so as to give effect to such intent.

(c) The President or Vice President of the Board of Education is hereby authorized and directed to execute and deliver the District Documents on behalf of, and as the act and deed of, the District. The Clerk is hereby authorized, to the extent necessary, to affix the District’s seal to the District Documents and attest said seal.

Section 2. Supplemental Lease Provisions. The Board of Education hereby elects to omit the mandatory contract provisions prescribed by the Kansas Department of Administration in form DA-146a, as amended, from the Supplemental Lease and the Escrow Agreement, provided, however, that this election does not authorize the omission from any such contract the provisions of K.S.A. 72-1146 or 72-1147, as amended.

Section 3. Further Authority. The District will, and the officials and agents of the District are hereby authorized and directed to, take such actions, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the District with respect to the District Documents, the other documents authorized or approved hereby and the Equipment.

Section 4. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the Board of Education.

ADOPTED by the Board of Education and signed by the President of the Board of Education of Unified School District No. 497, Douglas County, Kansas (Lawrence), on February 12, 2018.

(SEAL)

ATTEST:

Clerk

President