

**School Board Meeting:**

March 27, 2017

**Subject:**

**RESOLUTION APPROVING AND  
AUTHORIZING THE EXECUTION OF A  
LEASE AGREEMENT AND GROUND LEASE  
THERETO AND RELATED DOCUMENTS  
AND CERTIFICATES-MONTROSE EARLY  
EDUCATION CENTER**

**Presenter:**

Gary Kawlewski, Dir. of Finance & Operations

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**SUGGESTED SCHOOL BOARD ACTION:**

Recommend board approval

**DESCRIPTION:**

For some time now, we have been monitoring the potential of refunding the November 1, 2017 through May 1, 2025 maturities of our \$1,324,474 General Obligation School Lease Purchase, dated April 22, 2010. The lease purchase was issued for the purchase and remodel of the Montrose Early Education Center.

We were approached by Sargent County Bank of Forman, North Dakota to explore refunding the current lease purchase with Wells Fargo Municipal Lending and reissue the current ground lease and revised lease purchase agreement with Sargent County Bank.

The current lease with Wells Fargo has a lease factor of 5.55% and matures on 5/1/2025. The refunding lease will have a lease factor of 2.99% and will mature on 5/1/2024. The projected savings on the refinance is estimated to be \$99,653 net of Wells Fargo's early termination fee. In addition, the district will incur legal fees of approximately \$3,500 for a net savings of a little over \$96,000 over the remaining life of the lease purchase.

We are asking the board to adopt the attached resolution which calls for the sale of a refunding lease purchase for the aforementioned issue. The resolution allows us to reissue the existing ground lease and issue the new refunding debt as well as pay off the current lease with Wells Fargo on May 1, 2017.

We have compared the terms and conditions presented to current market conditions and believe that it is in the best interest of the school district to move forward with the lease purchase terms and conditions as presented in the attached resolution. Austin McLaen of Sargent County Bank will be present at the meeting to answer any questions about the transaction.

**ATTACHMENT**

- Resolution Approving and Authorizing The Execution Of A Lease Agreement And Ground Lease Thereto And Related Documents And Certificates
- Current Lease Purchase Schedule