



NORTH SLOPE BOROUGH SCHOOL DISTRICT

MEMORANDUM

TO: Robyn Burke, President
Member of the School Board

THROUGH: David Vadiveloo, Chief School Administrator DsV

FROM: Tammy Stromberg, Finance Director TJS

DATE: March 29, 2023

**SUBJECT: Lease Adoption/Ratification –
Kiita Learning Center Facility**

Memo No. SB23-157
(Action Item)

NSBSD Policy Manual:

BP 3312, Contracts: The superintendent or designee may enter into contracts and memoranda of agreement (MOA's) on behalf of the District. All contracts and MOA's with a dollar value of \$10,000 or greater must be approved by the School Board.

Issue Summary:

The North Slope Borough School District School Board authorized the Superintendent, at the November 8, 2021 Board Meeting to enter into negotiations with the City of Utqiagvik to renew the lease of the property commonly known as the Day Care Center located at 5246 Karluk Street and bring the new lease agreement before the Board Education for adoption and ratification. The property is currently utilized for the Kiita Learning Center. The prior lease expired May 31, 2020.

Through negotiations, a 17-year lease agreement (June 1, 2020 through May 31, 2037) for the Kitta Learning Center facility was reached with a one-time payment of \$350,000, due when invoiced by the City of Utqiagvik. In the past, the Borough was able to fund the lease through the bond funding. The Borough has indicated bond funding for lease is now unavailable. IRS regulations severely limit the ability to issue long-term, tax-exempt obligations to finance current operating expenses. The use of long-term, tax-exempt financing for capital projects is treated more favorably because the proceeds of the obligations are used to pay for capital projects that have useful lives reasonably commensurate with the maturities of the obligations being issued to finance the expenditures.

Without Borough funding the lease becomes an operating cost of the District. The District will recognize a lease liability calculated as the present value of remaining future lease payments during the lease term. A lease asset will also be recognized to account for the District's non-cancelable right to use the asset and will be amortized over the lease term.

Proposed Motion:

Effective on November 30, 2022, the NSBSD approves the attached lease of the Day Care Center located at 5246 Karluk Street for use by the Kiita Learning Center for the term of seventeen years (June 1, 2020 through May 31, 2037) to be paid in one lump sum of \$350,000 due when invoiced by the City of Utqiagvik.

Moved By: _____ Seconded By: _____

Advisory Vote: _____ Vote: _____

Signature: David Vadiveloo
David Vadiveloo (Apr 2, 2023 12:40 AKDT)

Email: david.vadiveloo@nsbsd.org

Signature: Tammy Stromberg
Tammy Stromberg (Apr 1, 2023 18:43 AKDT)

Email: tammy.stromberg@nsbsd.org