

MEMO

To: Dr. Jeff Turner – Superintendent of Schools

From: Sid Grant – Director of Internal Business Services

Cc: Ralph Seeley – Assistant Superintendent for Business

Date: March 22, 2004

Re: Copy Machine Lease and Service Renegotiation

As you are aware, Premier Systems, Inc. has notified us that up to fourteen of our older Savin 55-copy-per-minute copy machines are in need of total “shop reconditioning” at a cost of \$8,800 per machine. Given that most of these machines are over three years old and still have an average of two years remaining on their existing leases, I have determined that it makes more fiscal and practical sense to replace these machines with new and improved technology--that is, we can “buy out” the existing leases on the oldest machines in the District and replace fourteen of them with new Toshiba 81-copy-per-minute machines. Each elementary and middle school will receive one new copy machine with a greater speed and capacity than their existing machines while the best of the older existing machines will be placed throughout the District so that each elementary and middle school campus will have one new and one used machine.

The financing can be accomplished with approximately \$435,000 in principal on a 48-month municipal lease at an interest rate of 3.64 percent. In order to ensure the best lease terms, I secured four bids through the Request for Proposal process. The four banks that presented municipal lease proposals were LaSalle National Leasing Corporation (3.64%), Sun Trust Leasing Corporation (3.99%), Municipal Capital Corporation (4.50%), and Kansas State Bank (5.335%) with LaSalle National Leasing Corporation presenting the most favorable interest rate and terms.

In order to ensure the best proposal for the cost of the copy machines and overall resolution of this aging machines issue, I obtained proposals from three qualified vendors approved by the Texas Building and Procurement Commission (e.g. Premier Systems, Technifax Office Solutions, and Ricoh/Savin). Given that we have an existing service and supply agreement with Premier Systems as part of the original leases on all of our forty copy machines, we would sacrifice over \$300,000 in service and supplies over the remaining terms of the existing leases if we change copier companies at this time. Therefore, the solution from Premier Systems is by far the most financially feasible alternative; in fact, through negotiations with Premier, we have structured the lease and

service agreement so that our total monthly cost for forty copy machines will be approximately the same as we are currently paying as long as the campuses maintain a copy volume that is similar to current usage. In order to ensure our average monthly cost does not significantly increase, each campus will be given a copy quantity allotment based on its total enrollment. We have also negotiated that Premier will totally refurbish the three large Savin 105-copy-per-minute machines at the high school as part of this agreement and at no cost to the District. This agreement also states that there will be no possibility for shop reconditioning charges to be incurred in the future, except in the event of vandalism or an act of God such as lightning, fire, or flood.

There are additional benefits of this proposal: (1) service and supplies for the new machines will be paid for on a monthly basis according to usage, enabling us to change service providers in the future should we so choose; (2) the speed of these machines (e.g. 81-copies-per-minute) should provide sufficient capacity for the elementary schools, thereby minimizing the use of the older machines and possibly preventing the need to replace them when the leases mature in approximately two years.

The lease and the agreement with Premier Systems that are structured to begin on or about April 1, 2004, have also been reviewed and negotiated by our legal counsel Randy Gibbs. In order to proceed with finalizing these agreements, the Board of Trustees will need to approve the attached resolution authorizing LaSalle National Leasing Corporation to act as Lessor for this agreement and authorize Ralph Seeley, Assistant Superintendent for Business, or Sid Grant, Director of Internal Business Services, to execute all necessary contracts on behalf of Coppel ISD.

**FORM OF
RESOLUTION OF GOVERNING BODY/EXTRACT OF MINUTES**

Lessee: Coppel Independent School District

Equipment Lease/Purchase Agreement with LaSalle Bank National Association

At a duly called meeting of the governing body of Lessee held in accordance with all applicable legal requirements, including open meeting laws, on the 29th day of March, 2004, the following resolution was introduced and adopted:

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN EQUIPMENT LEASE/PURCHASE AGREEMENT, AND RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the governing body of Coppel Independent School District (“Lessee”) has determined that a true and very real need exists for the Equipment (the “Equipment”) described in the proposed Equipment Lease/Purchase Agreement (the “Agreement”) by and between LaSalle Bank national Association, as lessor and Lessee, as lessee, presented to this meeting; and

WHEREAS, Lessee has taken the necessary steps, including those relating to any applicable legal bidding requirements, to arrange for the acquisition of the Equipment; and

WHEREAS, Lessee reasonably anticipates that it and its subordinate units will not issue tax-exempt obligations in the face amount of more than \$10,000,000 during the current calendar year; and

WHEREAS, Lessee proposes to enter into the Agreement with LaSalle Bank National Association substantially in the proposed form presented to this meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF LESSEE AS FOLLOWS:

Section 1. It is hereby found and determined that the terms of the Agreement in the form presented to this meeting and incorporated in this resolution, are in the best interests of Lessee for the acquisition of the Equipment.

Section 2. The Agreement is hereby approved. The Assistant Superintendent for Business or the Director of Internal Business Services of Lessee, or any other officer of Lessee who shall have the power to execute contracts on behalf of Lessee be, and each of them hereby is, authorized to execute, acknowledge and deliver the Agreement with any changes, insertions

and omissions therein as may be approved by the officers who execute the Agreement, such approval to be conclusively evidenced by such execution and delivery of the Agreement. The Assistant Superintendent for Business or the Director of Internal Business Services of Lessee, or any other officer of Lessee who shall have the power to do so be, and each of them hereby is, authorized to affix the official seal of Lessee to the Agreement and attest the same.

Section 3. The proper officers of Lessee be, and each of them hereby is, authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this resolution and the Agreement.

Section 4. Lessee hereby designates the Agreement as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The project to which the original expenditure(s) relates can be generally described as fourteen 81 copy per minute copy machines for use in ten elementary and three middle schools. The maximum principal amount of the obligations expected to be issued for the project is \$435,000. This resolution is being entered into on or before, or not later than sixty (60) days after, the date on which the original expenditure(s) to be reimbursed will or have been paid. This resolution is intended to be a declaration of official intent within the meaning of Treasury Regulations Section 1.150-2.

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect and further certifies that the Equipment Lease/Purchase Agreement by and between LaSalle Bank National Association, as lessor, and Coppell Independent School District, as lessee, is the same as presented at said meeting of the governing body of Lessee, excepting only such changes, insertions and omissions as shall have been approved by the officers who executed the same.

[SEAL]

(Secretary/Clerk)

Date: _____, 2004