

Item 4-C

Summary - a resolution authorizing an installment-purchase agreement to finance the cost of energy conservation projects for school facilities.

RESOLUTION NO. 08-02

A RESOLUTION AUTHORIZING AN INSTALLMENT-PURCHASE AGREEMENT FOR THE PURPOSE OF FINANCING THE COST OF ENERGY CONSERVATION PROJECTS FOR SCHOOL FACILITIES; DIRECTING THE DIRECTOR OF BUSINESS SERVICES TO FORWARD MATERIALS TO THE DEPARTMENT OF TAXATION OF THE STATE OF NEVADA; AUTHORIZING THE DIRECTOR OF BUSINESS SERVICES TO EXECUTE THE INSTALLMENT-PURCHASE AGREEMENT EVIDENCING SUCH FINANCING; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the Board of Trustees of the Douglas County School District, Nevada (the "Board", "District", and "State", respectively) proposes to enter into an installment-purchase agreement in an aggregate amount not to exceed \$9,000,000 under NRS 350.087 to 350.095, inclusive (the "Agreement Act"), in order to finance all or a portion of the cost to acquire, construct, improve, and equip energy conservation projects for school facilities in the District (the "Project"); and

WHEREAS, the Board has determined that legally available funds of the District will at least equal the amount required in each year for the payment of interest and principal on such installment-purchase agreements; and

WHEREAS, a notice of intention to act upon the resolution authorizing the installment-purchase agreement has been duly published in a newspaper of general circulation in the District not less than ten (10) days prior to the date hereof pursuant to NRS 350.087, and an affidavit evidencing such publication is attached as Exhibit "C" to this Resolution; and

WHEREAS, all comments made at the public hearing held on the date of this Resolution have been duly considered by the Board and the minutes of such public hearing are attached as Exhibit "B" to this Resolution.

WHEREAS, the Board proposes to enter into an installment-purchase agreement with a term of more than fifteen (15) years and, pursuant to NRS 350.014, the Board has submitted to the

Douglas County Debt Management Commission (the "Commission") for its approval or disapproval the following proposal:

INSTALLMENT-PURCHASE AGREEMENT PROPOSAL:

Shall the Board of Trustees of the Douglas County School District in the State of Nevada, be authorized to incur an indebtedness on behalf of the District by the issuance at one time, or from time to time, of an installment-purchase agreement of the District in the aggregate principal amount not to exceed \$9,000,000 for the purpose of financing, wholly or in part, the cost to acquire, construct, improve, and equip energy conservation projects for school facilities, the installment-purchase agreement to mature not later than 15 years from the date it is entered into, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time the installment-purchase agreement is entered into, the installment-purchase agreement by its terms to be extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due, to be payable from legally available funds of the District, to be secured by a security interest in property of the District as provided in NRS 350.800, and to be entered into upon such terms and conditions, and with such other detail as the Board may determine?

(the "Proposal"); and

WHEREAS, subsection 1 of NRS 350.014 provides, in relevant part, as follows:

"1. Before ...entering into an installment-purchase agreement with a term of more than 10 years, ...the proposed incurrence . . . must receive the favorable vote of two-thirds of the members of the [debt management] commission of each county in which the municipality is situated."; and

WHEREAS, subsection 1 of NRS 350.0145 provides, in relevant part, as follows:

"1. The governing body of the municipality proposing to enter . . into an installment-purchase agreement with a term of more than 10 years. . . shall notify the secretary of each appropriate commission, and shall submit a statement of its proposal in sufficient number of copies for each member of the commission.

WHEREAS, the Commission adopted, by at least two-thirds of its members, a

resolution approving the Proposal on February 27, 2008, referred to in Section 1 thereof as the "2008 Douglas County School District Installment-Purchase Agreement DMC Resolution".

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE DOUGLAS COUNTY SCHOOL DISTRICT, NEVADA:

Section 1. This resolution is hereby designated by the short title the "2008 Installment-Purchase Agreement Authorization Resolution" (the "Resolution").

Section 2. The Board hereby finds and determines that the public interest requires the issuance of an installment-purchase agreement to finance the Project in an amount not to exceed \$9,000,000

Section 3. The facts upon which the finding stated in Section 2 above are as follows:

(a) The Project will (i) promote the conservation of energy and reduce the use of fossil fuels by the District, (ii) promote the use of types of energy which are alternatives to fossil fuels, and (iii) result in the reduction in the amount of money spent for energy used by the District, and these reduced energy costs will equal or exceed the cost of financing the Project.

(b) There is a need to acquire, construct and improve various general facility upgrades, including, but not limited to, energy savings projects, lighting, heat and cooling upgrades, and other building rehabilitation projects in the District.

(c) It is in the best interests of the District and its residents, and would best serve the public interest thereof, if the Project is now accomplished, thereby assisting in alleviating the needs mentioned in (a) and (b) above.

(d) It is not feasible to finance the Project from other funds of the District, among other reasons because of restraints on the District's budget for the current fiscal year and other demands on and needs for existing funds of the District.

Section 4. The District proposes to borrow a sum not to exceed \$9,000,000 at an annual interest rate of approximately 4.5% to be repaid over a period of not more than 15 years. The installment-purchase agreement shall evidence a transaction described in NRS 350.800 which is payable not later than 15 years after the date of issuance and contains a provision that the

installment-purchase agreement by its terms is extinguished by failure of the Board to appropriate money for the ensuing fiscal year for payment of the amounts then due (the "Agreement"). The term of the Agreement of a maximum of 15 years does not exceed the estimated weighted average useful life of the Project being financed with the Agreement, and the interest rate shall in no event exceed by more than 3% the "Index of Revenue Bonds" which is most recently published before the District enters into the Agreement. Such Agreement shall be issued as an installment-purchase agreement as provided in the Agreement Act and NRS 350.800 (the "Act").

Section 5. The Agreement is not proposed to be repaid in whole or in part by the levy of a tax exempt from the limitations on taxes ad valorem. The Agreement is anticipated to be repaid from other legally available funds of the District, including, without limitation, monies in the District's General Fund ranging from \$375,000 to \$1,040,000 over a period not to exceed 15 years.

Section 6. As set forth in the materials provided by JNA Consulting Group, LLC attached as Exhibit "D" hereto, the District's cost of financing the Project with the Agreement is expected to be more than the cost of using other methods of financing. The District does not have statutory authority to issue revenue bonds and does not have any general obligation bond authority outstanding from the voters at this time. The Agreement is expected to bear a higher interest rate than if it had been structured as a medium-term note or bond. The District prefers the Agreement at this time because the repayment term will be longer than 10 years. If the District were to finance the Project with general obligation bonds, the general obligation bonds would require an increase to the District's tax rate. The District wants to avoid increasing the overlapping tax rate within Douglas County to finance this type of Project. An increase would bring Douglas County closer to the State statutory and constitutional limits. Also, the District prefers financing with the Agreement because of the necessity of completing the Project before the longer time for completion that general obligation bond financing would require. The benefits of completing the Project in a more timely manner better serves the interests of the District and its students than the lower cost of the other method of financing.

Section 7. The Director of Business Services of the District (the "Director of Business Services"), or her designee, or the Superintendent of the District (the "Superintendent"), or her designee, is hereby authorized to arrange for the issuance and sale of the Agreement on behalf of

the District in an amount not to exceed \$9,000,000, and to carry out the Project, subject to ratification by the Board, including but not limited to preparing and circulating a notice of sale or request for financing bids, specifying the method of sale, the terms of the Agreement, the date of its sale, the final principal amount of the Agreement, the terms of repayment and security therefor, and other details of the Agreement. The Agreement issued to finance the Project shall be issued on such other terms and conditions as the Board determines, all as provided in the Agreement Act, the Act, and NRS 350.500 to 350.720, inclusive (the "Bond Act"), and as authorized by the Director of Business Services or the Superintendent, at the time of sale of the Agreement and thereafter ratified by the Board as set forth in a resolution, and any other necessary details including the execution and delivery of documents evidencing a security interest in the Project.

Section 8. The officers of the District be and the same hereby are authorized and directed to take all action necessary to effectuate the provisions of this Resolution, including, without limitation: (a) assembling of financial and other information concerning the District, the Project, and the Bonds, (b) forwarding all necessary documents to the Executive Director, Department of Taxation, Carson City, Nevada, and, if necessary, updating the District's plan for capital improvement to include the Project, and (c) preparing and circulating a request for proposals, a notice of sale for the installment-purchase agreement, or both, in the forms specified by the Director of Business Services or the Superintendent. The District represents that it is in compliance with the applicable provisions of law, including, without limitation, the provisions of NRS Chapter 354.

Section 9. The Director of Business Services, or her designee, or the Superintendent, or her designee, is hereby authorized to update or amend the District's plan for capital improvements if necessary to reflect the Agreement and the Project to be financed thereby and to file the information as required by NRS 350.013 to the extent required to comply with NRS 350.013.

Section 10. This Resolution, except for Sections 7, 8, 9 hereof, shall become effective upon the approval by the Executive Director of the Department of Taxation of the State of Nevada. Sections 7, 8, 9 of this Resolution shall be effective upon passage and approval.

PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE BOARD OF TRUSTEES OF THE DOUGLAS COUNTY SCHOOL DISTRICT, NEVADA, THIS MARCH 11, 2008.

Jeri Jamin

President

(SEAL)

Attest:

Thomas H. Moore

Clerk

the meeting is to be held, on the District's website, if any, and at least three (3) other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Douglas County School District
Administration Building
751 Mono Avenue
Minden, Nevada
- (ii) U.S. Post Office
Zephyr Cove, Nevada
- (iii) U.S. Post Office
Minden, Nevada
- (iv) U.S. Post Office
Gardnerville, Nevada

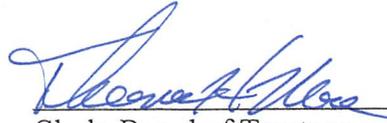
and

(b) By mailing a copy of the notice to each person, if any, who has requested notice of the meetings of the Board in the same manner in which notice is required to be mailed to a member of the Board. Such notice was delivered to the postal service no later than 9:00 a.m. on the third working day prior to the meeting.

5. Upon request, the Board provides at no charge, at least one copy of the agenda for its public meetings, any proposed ordinance or regulation which will be discussed at the public meeting, and any other supporting materials provided to the Board for an item on the agenda, except for certain confidential materials and materials pertaining to closed meetings, as provided by law.

6. A copy of such notice so given of the meeting of the Board on March 11, 2008 is attached to this certificate as Exhibit "A". A public hearing on the proposed installment-purchase agreement was held by the Board immediately before adoption of the authorization resolution, and the minutes of the meeting are attached hereto as Exhibit "B". A copy of the affidavit of publication evidencing publication at least ten (10) days in advance of the public hearing of the notice of intent to authorize the installment-purchase agreement is attached hereto as Exhibit "C". A copy of the comparison of financing methods is attached hereto as Exhibit "D".

IN WITNESS WHEREOF, I have hereunto set my hand on this March 11, 2008.

A handwritten signature in blue ink, appearing to read "Thomas H. Glass", written over a horizontal line.

Clerk, Board of Trustees

EXHIBIT "A"

(Attach Notice of Meeting)

EXHIBIT "B"

(Attach Minutes of Public Hearing)

EXHIBIT "C"

**(Attach Affidavit of Publication of Notice of Public Hearing and Intention
to Authorize an Installment-Purchase Agreement)**

EXHIBIT "D"

**(Attach Financial Advisor Materials
Comparing Costs of Financing Methods)**