To: Board of Education

From: Kyle Hayden, assistant superintendent, business & operations, ext. 4309
Kathy Johnson, director, finance, ext. 2376

Re: Approval of Resolution to Authorize Third Sale of General Obligation Bonds

Date: December 10, 2015

Background:
On April 2, 2013, electors in Lawrence Public Schools approved the issuance of general obligation bonds in an amount not to exceed $92,500,000 to pay the costs to construct additions to and renovate, improve technology infrastructure, equip and furnish existing elementary and secondary schools; construct, equip and furnish a new career and technology education facility and make all other necessary and related improvements in the district.

The district previously issued: (a) General Obligation Bonds, Series 2013-A, dated August 8, 2013, in the principal amount of $36,000,000 and (b) General Obligation Bonds, Series 2014-A, dated December 18, 2014, in the principal amount of $36,000,000. The remaining balance of $20,500,000 is to be issued as a portion of the Series 2016-A Bonds under the resolution being presented for approval. In addition, there is a portion of existing bonds (Series 2006-A) being recommended for refinancing with a portion of the Series 2016-A Bond proceeds. An estimated savings from the refinancing is approximately $2,050,000.

Rationale:
We are through the first and second phases of our construction and it is time for the final series of bonds to be sold. The first official step in the process is to adopt a resolution authorizing the sale of new general obligation bonds. After the resolution is adopted, district staff, George K. Baum & Company, and Gilmore & Bell will prepare for the offering of the new bonds. It is anticipated that the results of the sale will be presented to the Board of Education at its January 11, 2016 meeting for final acceptance. In addition, some of our 2006-A Bonds are callable and can be refinanced and an interest savings to the district can be realized.

Included with this enclosure for board review are the official general obligation bond sale and refinancing documents prepared by bond counsel, Gilmore & Bell, with information provided by bond underwriter, George K. Baum & Company.

Recommendation:
Administration recommends that the Board of Education adopt a resolution to permit staff and the district's advisors to proceed with preparing for the sale of General Obligation Refunding and Improvement bonds, up to the amount of $47,500,000 as outlined in the resolution.

Motion:
"I move the Board of Education adopt a resolution (2015-1214) authorizing the offering for sale of General Obligation Refunding and Improvement bonds, Series 2016-A of Unified School District No. 497, Douglas County, Kansas (Lawrence)."

RESOLUTION NO. 2015-1214

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2016-A, OF UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE).

WHEREAS, Unified School District No. 497, Douglas County, Kansas (Lawrence) (the "Issuer"), is a unified school district, duly created, organized, and existing under the laws of the State of Kansas; and

WHEREAS, pursuant to proceedings duly had, an election was held on April 2, 2013, regarding whether to issue general obligation bonds in an amount not to exceed $92,500,000 to pay the costs to construct additions to and renovate, improve technology infrastructure, equip and furnish existing elementary and secondary schools; construct, equip, and furnish a new career and technology education facility and make all other necessary and related improvements in Unified School District No. 497 (the "Improvements"); all pursuant to provisions of K.S.A 10-101 *et seq.*; K.S.A. 25-2018(f); and K.S.A. 72-6761; and

WHEREAS, said question was approved by a majority of the voters of the Issuer voting thereon, said vote having been 8,125 for and 3,122 against said question; and

WHEREAS, the Issuer previously issued its general obligation bonds approved at the April 2, 2013 election in the amount of $72,000,000 to fund a portion of the costs of the Improvements; and

WHEREAS, the Issuer proposes the sale and issuance of the remaining $20,500,000 of its general obligation bonds approved at the April 2, 2013 election to pay a portion of the costs of the Improvements; and

WHEREAS, the Issuer has previously issued and has outstanding general obligation bonds; and

WHEREAS, due to the current interest rate environment, the Issuer has the opportunity to issue its general obligation refunding bonds in order to achieve an interest cost savings on all or a portion of the debt represented by such general obligation bonds described as follows (the "Refunded Bonds"):

Description	Series	Dated Date	Years	Amount
General Obligation Refunding and Improvement Bonds	2006-A	June 15, 2006	2017 to 2024	$25,365,000

; and

WHEREAS, the Issuer has selected the firm of George K. Baum & Company, Kansas City, Missouri (the "Purchaser"), as underwriter for one or more series of general obligation refunding bonds of the Issuer in order to provide funds to permanently finance the Improvements and refund the Refunded Bonds; and

WHEREAS, the Issuer desires to authorize the Purchaser to proceed with the offering for sale of said general obligation bonds and related activities; and

WHEREAS, one of the duties and responsibilities of the Issuer is to prepare and distribute a preliminary official statement relating to said general obligation bonds; and

WHEREAS, the Issuer desires to authorize the Purchaser, in conjunction with the Clerk and Gilmore & Bell, P.C., Kansas City, Missouri ("Bond Counsel"), to proceed with the preparation and distribution of a preliminary official statement and all other preliminary action necessary to sell said general obligation bonds; and

WHEREAS, due to the volatile nature of the municipal bond market and the desire of the Issuer to achieve maximum benefit of timing of the sale of said general obligation bonds, the governing body desires to authorize the President to confirm the sale of such general obligation refunding bonds, if necessary, prior to the next meeting of the governing body to adopt the necessary resolution providing for the issuance thereof.

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

Section 1. The Purchaser is hereby authorized to proceed with the offering for sale of the Issuer's General Obligation Refunding and Improvement Bonds, Series 2016-A (the "Bonds") in one or more series, in accordance with the presentation made by the Purchaser this date. The offering for sale of the Bonds shall be accomplished in consultation with the Clerk, Bond Counsel and the Purchaser. The offering for sale of the Bonds, the pricing of the Bonds and the structuring of the repayment terms of the Bonds shall be determined by the Issuer's Finance Director. The confirmation of the sale of the Bonds shall be subject to the execution of a bond purchase agreement between the Purchaser and the Issuer (the "Bond Purchase Agreement") in a form approved by Bond Counsel, the adoption of a resolution by the governing body of the Issue authorizing the issuance of the Bonds and the execution of various documents necessary to deliver the Bonds. The President is hereby authorized to execute the Bond Purchase Agreement subject to the following parameters: (a) the principal amount of the Bonds shall not exceed $47,500,000; (b) the true interest cost ("TIC") of the Bonds shall not exceed 4.00%; and (c) the present value savings associated with refunding the Refunded Bonds shall be not less than 5.00% of the outstanding principal of the Refunded Bonds.

Section 2. The Purchaser, in conjunction with the Clerk and Bond Counsel, is hereby authorized to cause to be prepared a Preliminary Official Statement relating to the Bonds. The Issuer hereby consents to the use and public distribution by the Purchaser of the Preliminary Official Statement in connection with the offering for sale of the Bonds.

Section 3. For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the President and Clerk or other appropriate officers of the Issuer are hereby authorized: (a) to approve the form of said Preliminary Official Statement, and to execute the "Certificate Deeming Preliminary Official Statement Final" in substantially the form attached hereto as *Exhibit A* as approval of the Preliminary Official Statement, such official's signature thereon being conclusive evidence of such official's and the Issuer's approval thereof; (b) covenant to provide continuous secondary market disclosure by annually transmitting certain financial information and operating data and other information necessary to comply with the Rule to certain national repositories and the

Municipal Securities Rulemaking Board, as applicable; and (c) take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of the Rule.

Section 4. The Issuer agrees to provide to the Purchaser within seven business days of the date of the purchase contract for the Bonds or within sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of the Rule and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 5. The President, Clerk and the other officers and representatives of the Issuer, the Purchaser and Bond Counsel are hereby authorized and directed to take such other action as may be necessary to carry out the sale of the Bonds, including the execution of the Underwriter Engagement Agreement in substantially the form attached hereto as *Exhibit B.*

Section 6. The officers and representatives of the Issuer are hereby authorized and directed to take such action as may be necessary, after consultation with the Purchaser and Bond Counsel, to purchase or subscribe for the United States Treasury Securities to be deposited in the escrow for the Refunded Bonds and to provide for notice of redemption of the Refunded Bonds.

Section 7. This Resolution shall be in full force and effect from and after its adoption.

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ADOPTED by the governing body on December 14, 2015.

(SEAL)

ATTEST:

____

President

____

Clerk

EXHIBIT A

CERTIFICATE DEEMING
PRELIMINARY OFFICIAL STATEMENT FINAL

December 14, 2015

To: George K. Baum & Company
Kansas City, Missouri

Re: Unified School District No. 497, Douglas County, Kansas (Lawrence) General Obligation Refunding and Improvement Bonds, Series 2016-A

The undersigned are the duly acting President and Clerk of Unified School District No. 497, Douglas County, Kansas (Lawrence) (the "Issuer"), and are authorized to deliver this Certificate to the addressee (the "Purchaser") on behalf of the Issuer. The Issuer has previously caused to be delivered to the Purchaser copies of the Preliminary Official Statement (the "Preliminary Official Statement") relating to the above-referenced bonds (the "Bonds").

For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the "Rule"), the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be final as of its date, except for the omission of such information as is permitted by the Rule, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Bonds depending on such matters.

UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE)

By: ______________________________
Title: President

By: ______________________________
Title: Clerk

UNDERWRITER ENGAGEMENT AGREEMENT

This Underwriter Engagement Agreement ("Agreement") is made this 14 day of December, 2015, by and between Unified School District No. 497, Douglas County, Kansas (Lawrence) ("Issuer"), and George K. Baum & Company, located at 4801 Main Street, Kansas City, Missouri ("GKB").

PURPOSE: The Issuer has identified a specific purpose of improving district buildings and other facilities through the issuance of the remaining $20,500,000 of general obligation bonds authorized by voters pursuant to an election held April 2, 2013 as well as the refunding of all or a portion of the Issuer's outstanding General Obligation Refunding and Improvement Bonds, Series 2006-A (the "Project"), which may result in the issuance of bonds, notes, refunding bonds and the use of other financial instruments (the "Transaction"). The Issuer deems it in its best interest to engage and retain GKB, a qualified investment banking firm, to provide certain services for or related to the Transaction, including but not limited to the following: (1) provide underwriting services, including the preparation of supporting data, underwriting bonds and other financial instruments at the lowest practicable interest rate, and assist in obtaining credit enhancement and ratings; or, (2) to serve as structuring agent for privately placed bonds; and/or (3) to serve as structuring agent for low-interest loans placed with State agencies.

CONSIDERATION: Consideration for this Agreement includes the services, compensation, and mutual exchange of promises of the parties specified herein.

SPECIFIC PROVISIONS

The provisions of the above "Purpose" section shall be material and binding to this Agreement.

1. GKB's Obligations. GKB shall provide the Issuer with investment banking services for and related to the Transaction, including the analysis of cost factors relative to the underwriting or private placement of bonds and other instruments relative to the financing of the Project, and:

    A. Work with the Issuer and others as directed by the Issuer, concerning the issuance of debt securities for the Transaction;

    B. Attend all meetings and be available to the Issuer, its Administration and other agents for consultation and conference at times and places mutually agreed upon throughout the Transaction proceedings;

    C. Assist the Issuer in the preparation, coordination and distribution of printed matter for or related to the Transaction, including circulars, press releases, special mailings, etc., in order to acquaint the Issuer's population with the benefits and financial considerations of the Transaction;

    D. Prepare financial information and schedules necessary to acquaint the Issuer with the benefits of the various forms of financing for or related to the Transaction, including interest rates, marketing factors, credit enhancement, and user fee costs;

E. Advise the Issuer on underwriting or the direct placement of its bonds for or related to the Transaction, including but not limited to (1) providing advice as to the structure, timing, terms and other similar matters concerning the Transaction; (2) preparation of ratings strategies and presentations related to the issuance being underwritten; (3) preparation for and assistance with “road shows” and investor discussions related to the issuance being underwritten; (4) advice regarding retail order periods and institutional marketing; (5) assistance in the preparation of the preliminary and final official statements for the municipal securities; (6) assistance with the closing of the issuance of the municipal securities, including negotiation and discussion with respect to all documents, certificates, and opinions need for such closing; (7) coordination with respect to obtaining CUSIP numbers and registration of the issue of municipal securities with the book-entry only system of the Depository Trust Company; (8) preparation of post-sale reports for such municipal securities; (9) structuring of refunding escrow cash flow requirements necessary to provide for the refunding or defeasance of an issue of municipal securities; (10) providing regular updates of bond market conditions, analysis of financial or accounting factors of importance to the proper placement of the bonds for or related to the Transaction, recommendations regarding appropriate bond maturity schedules, call features, registration provisions, paying agency and trusteeship responsibility, user rate covenants, any special sinking fund provisions, flow of tax or user fee funds, interest rate limitations, or bond delivery procedures, for or related to the Transaction;

F. Make recommendations as to the exact amount of the bonds to be issued for and related to the Transaction, maturity schedules, redemption features and provisions, and other related items, in order to formulate the most attractive and appealing investment package to the purchasers of the bonds which will result in the maximum benefit and minimum net effective interest cost to the Issuer;

G. Assist in the preparation of a credit presentation for bond rating agencies and bond insurance companies;

H. Collect, format, and prepare information, in cooperation with the Issuer for a Preliminary Official Statement or a Private Placement Memorandum, as appropriate, related contracts or agreements, and bond proceedings for or related to the Transaction, all of which shall be appropriately executed and satisfactory to the Issuer;

I. Engage in pre-marketing activities to announce and promote the sale of Project bonds for and related to the Transaction;

J. Distribute the Preliminary Official Statement to potential investors;

K. Provide for a pricing conference call, during which the related pricing levels for the Project bonds will be established prior to the offering of a purchase contract agreement;

L. Arrange for closing and delivery of the Project bonds;

M. Prior to the offering of any of the Project bonds or debt securities for sale, provide an estimate to the Issuer of all underwriting or structuring agent profits and interest rates, and upon completion of the sale, provide the Issuer with a detailed accounting of actual total profits and expenses;

N. It is expressly understood and agreed that this Agreement does not intend, and is not under any circumstances to be construed as requiring GKB to perform services which may constitute the practice of law. GKB is retained and engaged in an expert financial capacity only;

O. It is expressly understood and agreed that GKB will not limit its work to the steps outlined but will extend its services as necessary to ensure that all appropriate underwriting services for and related to the Transaction are provided to or on behalf of the Issuer in a professional and satisfactory manner.

2. Issuer's Obligations. The Issuer's obligations shall include the following:

A. Retain GKB as its investment banker to act as bond underwriter, structuring agent or placement agent for and related to the Transaction;

B. Cooperate with GKB in the proper development of the Transaction and provide all pertinent information needed to support successfully underwritten or privately placed bonds or loan(s) on behalf of the Issuer;

C. Retain a nationally recognized firm of bond attorneys and utilize the services of the Issuer's attorney;

D. Pay for, or arrange for the payment of, all costs of legal advice, printed matter (informational brochures, bond printing, Preliminary and Final Official Statements), advertising, engineering, bond ratings, bond insurance premium, required audits and other professional services;

E. Reimburse GKB for all reasonable costs and expenses incurred by GKB that are related to the Transaction, including but not limited to reasonable travel expenses to meet with the Issuer, or rating agencies, if any;

F. Pay GKB, or arrange for the payment to GKB of an underwriting fee, structuring agent fee or placement agent fee for and related to the Transaction in an amount equal to 0.60% of the par amount of the bonds or loan(s).

3. Term. The term of this Agreement shall commence on the dated shown above and shall expire on the completion of the Transaction, subject to the termination provisions in Section 4 below.

4. Termination. The Issuer, at its sole discretion, may terminate this Agreement at any time by providing a written notice of termination to GKB. At the termination of this Agreement, the Issuer shall reimburse GKB such reasonable costs and expenses incurred to the date of such termination, and shall pay GKB such compensation earned to the date of such termination, which payment shall be in full satisfaction of all claims against the Issuer under this Agreement.

Additional Transactions. It is expressly understood and agreed that in addition to and separate and apart from the Transaction, during the Term of this Agreement, the Issuer may decide to consider and/or pursue other, additional or phased financing for or related the Project and/or other separate or particular projects to be identified by the Issuer from time-to-time, which may require or result in the issuance of bonds, notes, refunding bonds and the use of other financial instruments ("Additional Transactions"). In that event, the parties understand and agree that the Issuer may retain and engage GKB as its investment banker to provide underwriting or placement agent services for or related to any Additional Transactions. In that event, the parties will execute separate written engagement agreements for each of any such Additional Transactions. Until such a separate additional agreement is in place, the parties understand and agree that GKB will not provide any advice or recommendations to the Issuer regarding any such Additional Transactions.

5. Execution. This Agreement may be executed in multiple counterparts and together such counterparts will be deemed an original.

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IN WITNESS WHEREOF, the parties here have executed this Agreement the day and year first above written.

AGREED TO AND ACCEPTED:

GEORGE K. BAUM & COMPANY

By: ____

Printed Name: ______________________________

Title: ______________________________________

UNIFIED SCHOOL DISTRICT NO. 497
DOUGLAS COUNTY, KANSAS
(LAWRENCE)

By: ____

Printed Name: ______________________________

Title: ______________________________________

Underwriter Engagement Agreement
Supplemental Disclosures
For
New Issues of Municipal Securities

The Municipal Securities Rulemaking Board ("MSRB") issued an interpretive notice ("Notice") relating to Rule G-17, effective August 2, 2012. The Notice requires that Underwriters must provide certain additional disclosures to Issuers of municipal securities as part of the dealer's fair dealing obligations under Rule G-17 when acting as an Underwriter for a negotiated underwriting of an Issuer's new issue of municipal securities.

George K. Baum & Company's Role as Underwriter

(1) MSRB Rule G-17 requires the Underwriter to deal fairly at all times with both municipal issuers and investors.
(2) One of the Underwriter's primary roles will be to purchase bond issues with a view to distribution in an arm's-length commercial transaction with the Issuer, and the Underwriter has and will have financial and other interests that differ from the Issuer's interests.
(3) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer under the federal securities laws. The Underwriter, therefore, is not required by federal law to act in the Issuer's best interests without regard to the Underwriter's own financial or other interests.
(4) The Underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell bond issues to investors at prices that are fair and reasonable.
(5) For the Issuer's bond issues that the Underwriter underwriters, the Underwriter will review the Issuer's official statement, in accordance with, and as part of, the Underwriter's responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

The Underwriter also must not recommend that the Issuer not retain a municipal advisor.

The Underwriter's Compensation

The Underwriter's compensation for serving as the underwriter for the Issuer's bond issuances will be contingent on the closing of the transaction and at least a portion of that compensation will be based on the size of the bond issue. The rules of the MSRB require the Underwriter to inform the Issuer that compensation that is contingent on the closing of a transaction or the size of a transaction presents a conflict of interest, because it may cause the Underwriter to recommend a transaction that it is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Bond Issuances Present Risks to the Issuer

As with any bond issue, the Issuer's obligation to pay principal and interest will be a contractual obligation that will require the Issuer to make these payments no matter what budget constraints the Issuer encounters. Furthermore, to the extent that the Issuer agrees in a bond issue to rate covenants, additional bond tests or other financial covenants, these may constrain the Issuer's ability to operate and to issue additional debt, and if the Issuer does not comply with these covenants, they can result in a default under a bond issue. Depending on the terms of a bond issue, if the Issuer fails to make a payment of principal or interest or if the Issuer otherwise fails to comply with its covenants under the bond issue, the trustee may have the right to accelerate all of the payment of principal on the bond issue, which means that the Issuer may be required to pay all of the principal of the bond issue at that time.

George K. Baum & Company will provide additional disclosures to the Issuer from time to time, as may be required by the provisions of MSRB Rule G-17.

GEORGE K. BAUM & COMPANY

____
Printed Name of Authorized Person

____
Signature

____
Title

____
Date

RECEIPT ACKNOWLEDGED BY THE ISSUER

[ISSUER]

____
Printed Name of Authorized Person

____
Signature

____
Title

____
Date