

ORANGE COUNTY  
BOARD OF EDUCATION

AGENDA ITEM ABSTRACT

Meeting Date: January 18, 2011

AGENDA ITEM No. 11-01-(2)-16

ACTION ITEM: (Y/N) Y

SUBJECT: Qualified School Construction Bond (QSCB) Resolution Approval

INFO. CONTACT: Dr. George McFarley, Jr. PHONE: 919-732-8126

ATTACHMENTS:

1. Resolution approving forms of documents to be entered into in connection with Orange County's financing of improvements to C.W. Stanford Middle School, authorizing conveyance of school property to the County to facilitate the project, and taking other appropriate action.
2. Email from Mike Parker and Bob Jessup, Jr. referencing finance requirements.

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**PURPOSE:** To provide the Board of Education an opportunity to approve the county's financing of the C.W. Stanford Middle School auditorium and other Qualified School Construction Bond projects.

**BACKGROUND:** Orange County Schools was granted \$4,630,000 in federal QSCBs. The Board of Education has designated these funds for an auditorium at C.W. Stanford, roofing projects at C.W. Stanford Middle, Orange High School, Central Elementary and Efland-Cheeks Elementary. Additionally, the Central Elementary breezeway will be enclosed.

Orange County Government attorney Bob Jessup has developed the attached resolution which will allow the Board of County Commissioners to provide its final required approval on January 20, 2011.

**FINANCIAL IMPACT:** With all necessary approvals in place, Orange County Schools will receive \$4,630,000 in QSCB construction funds.

**RECOMMENDATION:** The Superintendent recommends the Board of Education approve the resolution to approve documents related to financing of improvements to C.W. Stanford Middle School and other district projects.

**Resolution approving forms of documents to be entered into in connection with Orange County's financing of improvements to C.W. Stanford Middle School, authorizing conveyance of school property to the County to facilitate the project, and taking other appropriate action**

***WHEREAS --***

The Orange County Board of Education has previously determined to cooperate with Orange County to undertake a project (the "Project") to finance and carry out the acquisition and construction of improvements to C.W. Stanford Middle School as part of a qualified school construction bond financing. The County's financing will also provide funds for improvements to other County schools and to schools in the Chapel Hill – Carrboro district.

To carry out the proposed financing plan for the Project and as authorized by law, the School Board and the County have determined that it would be in their mutual best interest for (1) the School Board to transfer the C.W. Stanford Middle School and associated real property to the County to facilitate the County's financing of the Project, (2) for the School Board to lease the school back from the County to enable to School Board to continue to operate the school, and (3) for the School Board to be responsible for the actual carrying-out of the Project. The financing documents will provide that once the County has successfully paid its financing obligations in full, then the School Board can require the County to re-convey the property to the School Board.

The County's financing has been approved by the North Carolina Local Government Commission.

There have been presented to the School Board certain draft agreements related to the Project, as described in Exhibit A. Copies of these drafts will be filed with the School Board's permanent records.

**BE IT THEREFORE RESOLVED by The Orange County Board of Education, as follows:**

1. The School Board affirms its determination to carry out the Project in cooperation with the County.

2. The School Board requests that the County acquire the C.W. Stanford Middle School property in connection with carrying out the agreed-upon plan for the Project. The actual scope and boundaries of the property to be transferred shall be determined by the County and the School Board, in conjunction with the County's QSCB lender, and described in the Deed referenced in paragraph (3) below.

3. The School Board, under the authority of Section 160A-274 of the General Statutes, authorizes the conveyance of the School Board's interest in such property to the

County for Ten Dollars (\$10.00). The Chair is authorized and directed to execute and deliver an appropriate deed or deeds (the "Deed") to carry out such conveyance. The Deed will be in such form as the Chair may approve. The description of the property conveyed in the Deed shall be such as the Chair may approve in consultation with the School Board's attorney.

4. The Chair is authorized and directed to execute the Lease and the Agency Agreement (as described in Exhibit A) (the "Agreements") and deliver them to the appropriate counterparties. The Agreements must be in substantially the forms submitted to this meeting, which are approved, with such changes as the Chair may approve.

5. The Superintendent is authorized and directed to hold the executed Agreements and any other documents authorized or permitted by this resolution in escrow on the School Board's behalf until the conditions for the delivery of such documents have been completed to the Superintendent's satisfaction, and thereupon to release the executed copies of such documents for delivery to the appropriate persons or organizations. Without limiting the generality of the foregoing, this authorization and direction is specifically extended to authorize the Superintendent to approve changes to any Agreements, documents or closing certifications previously signed by School Board officers or employees, provided that such changes do not substantially alter the intent of such certificates from that expressed in the forms of such instruments or certificates as executed by such officers. The Superintendent's authorization of the release of any such document for delivery will constitute conclusive evidence of his approval of any such changes.

6. All School Board officers and employees are authorized and directed to take all such further action as they may consider necessary or desirable in connection with the furtherance of the purposes of this resolution. All such prior actions of School Board officers and employees are ratified, approved and confirmed. In the case of the Chair's absence, incapacity or refusal to act, the Vice Chair or the Superintendent may carry out any responsibilities authorized by this resolution to the Chair. The School Board's Secretary is authorized and directed to affix the School Board's seal to the Deed and Agreements and to attest the same. The final delivery of the Deed or any Agreement by the responsible School Board officer will constitute conclusive evidence of such officer's approval of the final form of any such instrument. All other resolutions, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

\* \* \* \* \*

**Exhibit A – Draft Agreements**

(a) A draft dated January 12, 2011, of a Lease between the School Board and the County, providing for the School Board to lease the Stanford Middle School property from the County, so that the School Board can continue to operate the school during the term of the financing.

(b) A draft dated January 12, 2011, of a Project Completion and Agency Agreement between the School Board and the County, providing for the School Board to carry out the planned improvements at Stanford Middle School.

\* \* \* \* \*

I certify that the foregoing resolution was duly adopted at a meeting of The Orange County Board of Education duly called and held on January 18, 2011, and that a quorum was present and acting throughout such meeting. Such resolution remains in full effect as of today.

Dated this \_\_\_\_\_ day of January, 2011.

[SEAL]

\_\_\_\_\_

Printed name: \_\_\_\_\_

Secretary

The Orange County Board of Education

## Patrick Rhodes

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**From:** Mike Parker [mikeparker@cheshire-parker.com]  
**Sent:** Wednesday, January 12, 2011 8:32 PM  
**To:** Patrick Rhodes  
**Cc:** Tony McKnight; George McFarley  
**Subject:** Fw: Orange County QSCB financing for County schools - resolution for 1/18 meeting etc  
**Attachments:** Orange Q2 school board resolution.doc; Orang Q2 Lease Agency Agmts.doc; Orange Q2 Fin Agmt Dec 20.doc

Patrick,

I know it is too late to get this on the agenda for Tuesday but it would be nice if we could amend the agenda to add the resolution as an action item.

Mike

----- Original Message -----

**From:** Bob Jessup

**To:** george.mcfarley@orange.k12.nc.us

**Cc:** mikeparker@cheshire-parker.com ; cgrier@co.orange.nc.us ; joroberts@co.orange.nc.us

**Sent:** Wednesday, January 12, 2011 7:00 PM

**Subject:** Re: Orange County QSCB financing for County schools - resolution for 1/18 meeting etc

Mr. McFarley, I'm getting these items a bit later to you than I had planned, and later than I would like to be doing. But I have attached the following items:

\* the form of a resolution I would like the School Board to consider at its Jan. 18 meeting, to take action to approve the County's financing for the Stanford Middle School improvements and other QSCB projects. Most importantly, this resolution approves the transfer of the school property to the County, and approves the proposed form of a lease and a project completion agreement (as substantially final form documents).

\* a single computer file that has proposed drafts of the lease and the project completion agreement. These documents are based on forms I have used many times before. Ultimately, the bank doesn't much care how these documents end up, so it's really up to the County and School Board reps to work out the forms of these documents.

\* because the lease makes cross-references to the County's primary financing agreement, I have also attached the current draft of that agreement. I have not, I'm afraid, checked all the cross-references but I think this should still be useful.

As I mentioned, I'd like to ask the School Board to consider the resolution at its Jan. 18 meeting. Our current schedule call for us to ask the County Board for its final required approval on Jan. 20, and for us to move to closing the following week.

Please let me know if you have any questions or comments about any of this.

Thanks.

Bob Jessup

Robert M. Jessup Jr.  
Sanford Holshouser LLP  
209 Lloyd St., Suite 350  
Carrboro, NC 27510

Tel 919 933 9891  
Fax 919 933 9893

1/13/2011

Cell 919 810 3165  
[Bobjessup@aol.com](mailto:Bobjessup@aol.com)

-----Original Message-----

From: Mike Parker <[mikeparker@cheshire-parker.com](mailto:mikeparker@cheshire-parker.com)>  
To: George McFarley <[George.McFarley@orange.k12.nc.us](mailto:George.McFarley@orange.k12.nc.us)>; Bob Jessup <[bobjessup@aol.com](mailto:bobjessup@aol.com)>  
Sent: Mon, Jan 3, 2011 8:54 am  
Subject: Re: Orange County QSCB financing for County schools, in January

George and Bob,  
Let me know what you need for me to do.  
Mike

----- Original Message -----

**From:** [George McFarley](mailto:George.McFarley@orange.k12.nc.us)  
**To:** [Bob Jessup](mailto:Bobjessup@aol.com)  
**Cc:** [Mike Parker](mailto:mikeparker@cheshire-parker.com)  
**Sent:** Tuesday, December 21, 2010 8:56 AM  
**Subject:** RE: Orange County QSCB financing for County schools, in January

Bob,

I understand the process, and when we return from the holidays I will be prepared to do what is necessary to get the process completed. I do not have the DPI award letters with me now, but I will have access to them the first day we are back from the holidays.

I've included our Board attorney, Mike Parker, in the address line. His phone number is 919-732-8141.

Happy holidays.

George McFarley, Jr., Ed.D.  
Chief Operating Officer  
Orange County Schools  
200 E. King Street  
Hillsborough, NC 27278  
919.732.8126 (office)  
919.732.8120 (fax)

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**From:** Bob Jessup [<mailto:bobjessup@aol.com>]  
**Sent:** Monday, December 20, 2010 20:57  
**To:** George McFarley; "<[george.mcfarley@orange.k12.nc.us](mailto:george.mcfarley@orange.k12.nc.us)>"  
**Cc:** [joroberts@co.orange.nc.us](mailto:joroberts@co.orange.nc.us); [cgrier@co.orange.nc.us](mailto:cgrier@co.orange.nc.us)  
**Subject:** Orange County QSCB financing for County schools, in January

Dr. McFarley, I am working as an attorney for Orange County in connection with the County's planned QSCB financing for (among other things) the Stanford Middle School auditorium and County school roof repairs. I

wanted to touch base on a few scheduling and substantive issues that will need the Orange County School Board's attention in connection with this financing.

Let me also say at the outset that I don't have a contact for the school board's attorney, so I would appreciate your either forwarding this message to the attorney or passing back the contact information for me to do so.

I'd like to have the School Board consider a resolution at its January 18 meeting to provide some necessary approvals for the financing, as follows --

\* to approve the transfer of the Stanford Middle School property to the County, so that school can serve as collateral for the financing. The type of financing method the County is using requires the County to put a mortgage on some or all of the property being improved through the financing. In order to put a lien on the school, the County has to own it. This is a procedure that Orange County has been through on several occasions, including on a part of the financing for Gravelly Hill and for renovations to Orange High School (if my memory serves me correctly).

\* to approve agreements with the County (a) to lease the school back from the County and (b) to undertake the planned improvements at the school on the County's behalf. Again, this is a process we have been through between the County and County Schools before.

\* to formally request and approve the County's borrowing money for the project in the form of the QSCBs for which the District has received an allocation.

I would plan to provide you with the proposed form of the resolution, and the other draft documents, by the end of the first week in January (by January 7) if that timing works for you.

Please let me know if you have any questions or comments about this. Otherwise, I will plan to touch base with you just after the New Year to review the schedule and talk about how the financing will proceed. At this point, we are looking to close on the financing (and therefore make the funds available to the County) in the second half of January, some time after the County Commissioners' meeting on January 20.

Let me please ask you for one other thing. I have the information I need concerning your application to DPI for the QSCB allocation, but I don't seem to have anything in terms of the award from DPI. At your convenience, could you please send me a copy of whatever you have from DPI in the form of award letters of QSCB allocation?

I look forward to working with you as this project goes forward.

Bob Jessup

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