

ADMINISTRATIVE REPORT

DATE: July 18, 2024
TOPIC: #5.17 – Lease Agreement – Apple iPads
PRESENTER: Robert Berkowitz, Director of Technology
REFERENCE TO POLICY/STATUTE: Policy #719; Authorization to Solicit Bids

A. PURPOSE OF REPORT

- a. South Washington County Schools will be replacing 280 student use iPads. These devices will be used in charging carts for middle school art and align with adopted art curriculum and standards.
- b. To finance this device lifecycle, South Washington County Schools is seeking board approval to enter a 4-year lease to own for 280 10.9-inch Apple 10th Gen iPad devices for student use. This lease is a 4-year lease with annual payments of \$35,976.50 starting in July of 2024.
- c. This 4-year lease is budgeted and will be paid using the voter approved 2023 capital projects levy.

B. RECOMMENDATION

Administration recommends approval this lease purchase financing.

C. CONNECTION TO STRATEGIC PRIORITY

- a. Operations, Staffing, and Finance





SOUTH WASHINGTON COUNTY INDEPENDENT SCHOOL DISTRICT NO 833
Schedule No. 500-50636838 to
Master Lease Purchase Agreement dated November 18, 2016

Closing Index

#	Document	Required to Ship	Required to Close
1.	Ex. A – Equipment and Lease Payment Schedule	Yes	Yes
2.	Ex. B – Acceptance Certificate(To be signed after receipt of equipment)		Yes
3.	Ex. D -- Bank Qualified Designation (pertains to 8038-G).....		Yes
4.	IRS Form 8038-G or 8038-GC		POST
5.	Advance Payment, if applicable		Yes
6.	Tax Exempt Certification		Yes
7.	Lease Payment Instructions.....	Yes.....	Yes

Signed Documents

1. Once the documents are signed, please email scanned copies of the above items to rficca@leasedirect.com.

EXHIBIT A

Schedule No. **500-50636838** Dated **June 24, 2024** to Master Lease Purchase Agreement Dated **November 18, 2016**

This Schedule No. **500-50636838** ("Schedule") is entered into pursuant to that Master Lease Purchase Agreement dated **November 18, 2016** ("Master Lease"), and is effective as of **June 24, 2024**. All of the terms and conditions of the Master Lease, including Lessee's representations and warranties, are incorporated herein by reference. Unless otherwise indicated, all capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Master Lease.

To the extent that less than all of the Equipment subject to this Schedule has been installed and accepted by Lessee on or prior to the date hereof, Lessee hereby acknowledges that a portion of the Equipment has not been delivered, installed and accepted by Lessee for purposes of this Lease. In consideration of the foregoing, Lessee hereby acknowledges and agrees that its obligation to make Lease Payments as set forth in this Schedule is absolute and unconditional as of the date hereof and on each date and in the amounts as set forth in the Lease Payment Schedule, subject to the terms and conditions of the Lease.

Lessee expressly represents that at least ninety-five percent (95%) of the financing cost set forth in this Schedule is being used to acquire Equipment that will be capitalizable for federal income tax purposes

EQUIPMENT INFORMATION

Computer Hardware--See attached Exhibit 1.

LEASE PAYMENT SCHEDULE

Pmt #	Payment Date	Payment Amount	Interest	Principal	Purchase Price after scheduled payment(s)	Outstanding Balance
Commencement	8/1/2024					\$143,906.00
1	8/1/2024	\$35,976.50	\$0.00	\$35,976.50	\$111,437.21	\$107,929.50
2	8/1/2025	\$35,976.50	\$0.00	\$35,976.50	\$74,291.47	\$71,953.00
3	8/1/2026	\$35,976.50	\$0.00	\$35,976.50	\$37,145.74	\$35,976.50
4	8/1/2027	\$35,976.50	\$0.00	\$35,976.50	\$0.00	\$0.00
Promotional Interest Rate	0.00%		\$0.00			
Totals		\$143,906.00	\$0.00	\$143,906.00		

Lessee acknowledges that the discounted purchase price for the Lease is \$132,606.59 and that such amount is the Issue Price for the Lease for federal income tax purposes. The difference between the principal amount of this Lease and the Issue Price is Original Issue Discount ("OID") for federal income tax purposes. The Yield for this Lease for federal income tax purposes is 5.74% per annum. Such Issue Price and Yield will be stated in the Form 8038-G or 8038-GC, as applicable.

IMPORTANT: Read before signing. The terms of the Master Lease should be read carefully because only those terms in writing are enforceable. Terms or oral promises which are not contained in this written agreement may not be legally enforced. The terms of the Master Lease or Lease may only be changed by another written agreement between Lessor and Lessee. Lessee agrees to comply with the terms and conditions of the Master Lease and this Lease.

Commencement Date: **August 1, 2024**

LESSOR: **APPLE INC.**

LESSEE: **SOUTH WASHINGTON COUNTY
INDEPENDENT SCHOOL DISTRICT NO 833**

SIGNATURE: **X** _____

SIGNATURE: **X** _____

NAME / TITLE: **X** _____

NAME / TITLE: **X** _____

DATE: **X** _____

DATE: **X** _____

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EXHIBIT 1 – EQUIPMENT INFORMATION to Schedule No. [500-50636838](#)
under Master Lease Purchase Agreement dated [November 18, 2016](#)

10.9-inch iPad Wi-Fi 256GB - Silver (Packaged in a 10-pack) 280
Part Number: MPR33LL/A

Brenthaven 360 for iPad (10th gen, Wi-Fi models) - Special 10-pack Pricing (contains quantity 10 HQES2ZM/A) 28
Part Number: BV672LL/A

Brenthaven 360 for iPad (10th gen, Wi-Fi models)
Part Number: HQES2ZM/A
Quantity: 280

The above Equipment includes all attachments and accessories attached thereto and made a part thereof.

EXHIBIT B

ACCEPTANCE CERTIFICATE

Re: Schedule No. 500-50636838, dated June 24, 2024, (the "Schedule") to Master Lease Purchase Agreement, dated as of November 18, 2016, between Apple Inc., as Lessor, and SOUTH WASHINGTON COUNTY INDEPENDENT SCHOOL DISTRICT NO 833, as Lessee.

Apple Inc. is hereby requested to pay the person or entity designated below as Payee, the sum set forth below in payment of a portion or all of the cost of the acquisition described below. The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the equipment and has not formed the basis of any prior request for payment. The equipment described below is part or all of the "Equipment" listed in the Schedule to the Master Lease Purchase Agreement referenced above. Receipt of this Acceptance Certificate allows Apple Inc. to commence the Lease and promptly pay Vendor(s) on behalf of Lessee. THIS ACCEPTANCE CERTIFICATE DOES NOT AFFECT LESSEE'S RIGHTS UNDER THE PURCHASE ORDER OR PRODUCT WARRANTY.

Payee Name: _____

Description or Invoice #

\$ Amount

Lessee hereby certifies and represents to and agrees with Lessor as follows:

- (1) The Equipment described above has been delivered to Lessee or its service provider, which may include a third-party integrator, and is accepted by Lessee on the date hereof.
- (2) Lessee has verified, or caused its service provider to verify, the contents of the Equipment delivered and hereby acknowledges that it accepts the Equipment described above for the purpose of commencing the Lease.
- (3) Upon partial acceptance, any undistributed funds shall be set aside in an internal escrow account for the benefit of Lessee until the remaining Equipment has been accepted. The internal escrow account will be provided free of charge with the understanding that any interest earned shall be retained by Lessor in consideration of managing the internal escrow account. Lessee acknowledges that Lessor may commingle such funds with other funds held by Lessor for its own account, so long as Lessor maintains segregation of such amounts on the books and records of Lessor.
- (4) Lessee is currently maintaining the insurance coverage required by Section 15 of the Master Lease.
- (5) No event or condition that constitutes, or with notice or lapse of time or both would constitute, an Event of Default or Event of Non-appropriation (each as defined in the Master Lease) under any Lease exists at the date hereof.
- (6) Immediately upon delivery and acceptance of all the Equipment, Lessee will notify Lessor of Lessee's final acceptance of the Equipment by delivering to Lessor the "Final Acceptance Certificate" below.

PARTIAL ACCEPTANCE CERTIFICATE (Only a portion of Equipment Has Been Accepted)

LESSEE: **SOUTH WASHINGTON COUNTY INDEPENDENT SCHOOL DISTRICT NO 833**

Signature: **X** _____

Printed Name/Title: **X** _____

Date: **X** _____

FINAL ACCEPTANCE CERTIFICATE (All Equipment Has Been Accepted)

LESSEE: **SOUTH WASHINGTON COUNTY INDEPENDENT SCHOOL DISTRICT NO 833**

Signature: **X** _____

Printed Name/Title: **X** _____

Date: **X** _____

EXHIBIT C

EXHIBIT D

IRS FORM 8038- (G / GC) QUESTIONNAIRE

Schedule No. **500-50636838** to Master Lease Purchase Agreement Dated **November 18, 2016**

BANK QUALIFIED DESIGNATION

Lessee hereby represents and certifies the following (please check one):

Bank Qualified [if Bank Qualified, we will check the box on Line 39 of IRS Form 8038-G]

- ☐ Check this box if this Lease is designated as a "small issuer exception" under section 265(b)(3)(B)(i)(III). [Lessee reasonably anticipates that the total amount of tax-exempt obligations (including this Lease) to be issued by or on behalf of Lessee (or allocated to Lessee) during the calendar year 2024 will not exceed \$10,000,000.]

Non-Bank Qualified [if Non-Bank Qualified, we will not check the box on Line 39 of IRS Form 8038-G]

- ☐ Check this box if Lessee has not designated this Lease as a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Code.

Written Tax Compliance Procedures

The IRS Form 8038-G asks specific questions about whether written procedures exist with regard to compliance with the federal tax code for tax-exempt obligations. Please answer the following questions to help us complete the form correctly prior to your signature. Please note that your answers to these questions will not impact the terms or conditions of the subject transaction:

1. Has the Lessee established written procedures to monitor compliance with federal tax restrictions for the term of the lease? The written procedures should identify a particular individual within Lessee's organization to monitor compliance with the federal tax requirements related to use of the financed assets and describe actions to be taken in the event failure to comply with federal tax restrictions is contemplated or discovered.

YES _____ NO _____ If Yes, please attach/provide a copy.

Answer the following question *only if* proceeds of the current financing will be funded to an ESCROW Account.

The IRS Form 8038-G asks specific questions about written procedures to monitor the yield on the investment of gross proceeds of tax-exempt obligations and, as necessary, make payments of arbitrage rebate earned to the United States.

2. Has the Lessee established written procedures to monitor the yield on the investment of proceeds of the Lease on deposit in an escrow account or similar fund prior to being spent and to ensure that any positive arbitrage rebate earned is paid to the United States?

YES _____ NO _____ If Yes, please attach/provide a copy.

If you have further questions, please consult your regular bond or legal counsel.

LESSEE: **SOUTH WASHINGTON COUNTY INDEPENDENT SCHOOL DISTRICT NO 833**

Signature: **X** _____

Printed Name/Title: **X** _____

Date: **X** _____



Financial Services
Education Finance

- ☐ Check here if your billing or Equipment Location has changed or is incorrect. Please note changes on the reverse side.
Payments sent without a copy of this invoice may be subject to a delay in processing.

INVOICE# 500-50636838
REFERENCE # 500-50636838
CUSTOMER #
DUE DATE: 8/1/24
TOTAL DUE
\$35,976.50

LEASE PAYMENT INVOICE

Remit Lease Payment to:

Apple Financial Services
PO Box 825736
Philadelphia, PA 19182-5736

	INVOICE #	REFERENCE #	CUSTOMER
	ADV051713	500-50636838	
<u>P.O. NUMBER</u>		<u>EQUIPMENT DESCRIPTION</u>	
		SEE BELOW	
EQUIPMENT LOCATION			
SOUTH WASHINGTON COUNTY INDEPENDENT SCHOOL DISTRICT NO 833 7362 E. POINT DOUGLAS RD. S COTTAG GROVE, MN 55016			

EQUIPMENT DESCRIPTION	DUE DATE	PAYMENT AMOUNT
Apple Computer Equipment	8/1/24	\$35,976.50
TOTAL DUE		\$35,976.50

FOR PROPER CREDIT, PLEASE SUBMIT A COPY OF THIS INVOICE WITH PAYMENT

The following 8038 G or GC Form is a
SAMPLE only.

The actual 8038G or GC will be
completed and sent to you for your
signature after closing, with instructions
to return the original to us at your earliest
convenience.

This is being done in this manner to
comply with Internal Revenue Service
regulations.

Thank you.

Information Return for Tax-Exempt Governmental Bonds

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

► Go to www.irs.gov/F8038G for instructions and the latest information.

OMB No. 1545-0047

Part I Reporting Authority

Check box if Amended Return ☐

1 Issuer's name		2 Issuer's employer identification number (EIN)	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
6 City, town, or post office, state, and ZIP code		7 Date of issue	
8 Name of issue		9 CUSIP number	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information		10b Telephone number of officer or other employee shown on 10a	

Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.

11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe ►	18
19a If bonds are TANs or RANs, check only box 19a	☐
b If bonds are BANs, check only box 19b	☐
20 If bonds are in the form of a lease or installment sale, check box	☐

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21		\$	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22
23 Issue price of entire issue (enter amount from line 21, column (b))	23
24 Proceeds used for bond issuance costs (including underwriters' discount)	24
25 Proceeds used for credit enhancement	25
26 Proceeds allocated to reasonably required reserve or replacement fund	26
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27
28 Proceeds used to refund prior taxable bonds. Complete Part V	28
29 Total (add lines 24 through 28)	29
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	

Part VI Miscellaneous

- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) **35**
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions **36a**
- b** Enter the final maturity date of the GIC ► (MM/DD/YYYY) _____
- c** Enter the name of the GIC provider ► _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units **37**
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► ☐ and enter the following information:
- b** Enter the date of the master pool bond ► (MM/DD/YYYY) _____
- c** Enter the EIN of the issuer of the master pool bond ► _____
- d** Enter the name of the issuer of the master pool bond ► _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ► ☐
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ► ☐
- 41a** If the issuer has identified a hedge, check here ► ☐ and enter the following information:
- b** Name of hedge provider ► _____
- c** Type of hedge ► _____
- d** Term of hedge ► _____
- 42** If the issuer has superintegrated the hedge, check box ► ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ► ☐
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ► ☐
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ► ☐ and enter the amount of reimbursement ► _____
- b** Enter the date the official intent was adopted ► (MM/DD/YYYY) _____

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

► Signature of issuer's authorized representative Date ► Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ► Gilmore & Bell, P.C.			Firm's EIN ► 43-1611738	
Firm's address ► 2405 Grand Boulevard, Suite 1100, Kansas City, MO 64108			Phone no. 816-221-1000	

LEASE PAYMENT INSTRUCTIONS

LESSEE NAME: _____

TAX ID#: _____

SHIP TO ADDRESS: _____

PRIMARY DELIVERY CONTACT NAME: _____

PRIMARY DELIVERY CONTACT PHONE NUMBER/EMAIL: _____

SECONDARY DELIVERY CONTACT NAME: _____

SECONDARY DELIVERY CONTACT PHONE NUMBER/EMAIL: _____

DIGITAL PRODUCT DELIVERY CONTACT(IF APPLICABLE) NAME/EMAIL: _____

INVOICE MAILING PHYSICAL ADDRESS: _____

WOULD YOU LIKE YOUR INVOICES SENT ELECTRONICALLY? ☐ YES ☐ NO

IF YES PLEASE PROVIDE EMAIL ADDRESS: _____

Mail invoices to the attention of: _____

Phone (____) _____

Fax (____) _____

Approval of Invoices required by: _____

Phone (____) _____

Fax (____) _____

Email: _____

Accounts Payable Contact: _____

Phone (____) _____

Fax (____) _____

Email: _____

Processing time for Invoices: _____ Approval: _____ Checks: _____

Do you have a Purchase Order Number that you would like included on the invoice? No___Yes___PO#___

Do your Purchase order numbers change annually? No___Yes___Processing time for new purchase orders:___

SIGNATURE: _____

NAME / TITLE: _____

DATE: _____