

THIS IS A DECISION PAPER

TO: Members of the Nelson County Board of Education

FROM: Tim Hockensmith, Director of Finance and Budget

CC: Janice O. Lantz, Superintendent

DATE: March 17, 2009

RE: KISTA Bus Purchase Program

ISSUE: Adoption of KISTA Bus Sale Resolution.

RECOMMENDATION: Attached you will find a proposed resolution allowing our participation in the KISTA bus purchase program. The estimated interest rate is not to exceed four percent and we are currently earning four percent on our deposits. These bonds can be paid early without penalty if is deemed to be in our best interest.

RECOMMENDED MOTION: I move that the Nelson County Board of Education adopt the resolution to participate in the KISTA program for the purchase of school buses.

PARTICIPATION RESOLUTION

A RESOLUTION OF THE BOARD OF EDUCATION AUTHORIZING THE EXECUTION OF AN EQUIPMENT LEASE AND SECURITY AGREEMENT BETWEEN THE KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION AND THE BOARD PROVIDING FOR THE ACQUISITION AND LEASING OF SCHOOL BUSES AND APPROVING GENERALLY THE PLAN OF FINANCING THE ACQUISITION OF SCHOOL BUSES FOR AND ON BEHALF OF THE BOARD.

WHEREAS, the Board of Education ("Board") has determined that it is necessary and desirable that the Board acquire new school buses in order to provide for the transportation needs of the students served by the Board, and

WHEREAS, the Kentucky Department of Education of the Commonwealth of Kentucky ("Department") has implemented a program to assist local boards of education throughout the Commonwealth in the acquisition of school buses, combining the needs of school districts throughout the Commonwealth and purchasing in bulk directly from the manufacturers, and

WHEREAS, notwithstanding the pooled acquisition of buses administered by the Department, it is necessary that local boards of education provide their own financing for the acquisition of school buses purchased for them through the Department, and

WHEREAS, it has been determined by the Boards of Education of the Elliott, Lewis, Morgan, Pendleton, Rowan (the "Original Districts") and certain subsequent Districts (the "KISTA Governing Board") that certain economies may be realized through the utilization of a joint agency to act for and on behalf of local boards of education desiring to acquire school buses, and

WHEREAS, the provisions of Sections 65.210 through 65.300 of the Kentucky Revised Statutes, designated as the Interlocal Cooperation Act ("Act"), set forth the procedure by which any two or more governmental units may enter into agreements with one another and with third parties for joint or cooperative action, and

WHEREAS, the KISTA Governing Board pursuant to the Act administers the Kentucky Interlocal School Transportation Association ("KISTA") which acts as an agency and instrumentality for those local boards of education which desire to participate in the issuance of Certificates of Participation on a pooled basis, the proceeds of which are applied to the acquisition of school buses for participating boards of education in order that certain economies in financing may be realized; said pooled financing plan being designated as the KISTA Equipment Acquisition Program ("KEAP"), and

WHEREAS, in order for the Board to participate in KEAP for the year 2009 for which KISTA is to act as an issuing agency for this Board and other participating local boards of education, it is necessary that the Board approve the execution of an Equipment Lease and Security Agreement ("Second Series 2009 Lease") by the Chairman and Secretary whereunder this Board's portion of school buses ("Equipment") purchased from the proceeds of KISTA's Second Series 2009 Certificates of Participation, will be leased by KISTA to the Board on a year to year basis at rentals sufficient to amortize (i) the costs of the Equipment purchased by KISTA on behalf of this Board through the payment of the Board's pro rata portion of the Second Series 2009 Certificates of Participation, issued by KISTA, (ii) the funding of a collision insurance and debt service reserve fund, to the extent required, and (iii) the expenses incident to the issuance of said Second Series 2009 Certificates of Participation, allocated to the Board;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE BOARD OF EDUCATION AS FOLLOWS:

SECTION 1. DECLARATION OF PUBLIC POLICY

That the Board hereby declares that it is in the best interests of the Board to cooperate with other local boards of education pursuant to the Act and to contract with the Kentucky Interlocal School Transportation Association in the acquisition of Equipment through the utilization of KEAP for 2009 effected by the issuance of KISTA's Certificates of Participation, Second Series of 2009, (the "Second Series 2009 COPS" or "COPS"). It is now anticipated that KEAP for 2009 will be funded with KISTA COPS issued in the year 2009.

SECTION 2. APPROVAL OF GENERAL FINANCING PLAN

That KISTA has been established pursuant to the Act to act as an issuing agency for participating boards of education in the issuance of Certificates of Participation, which, after providing for the expenses of their authorization, sale, issuance, and funding a collision insurance and debt service reserve, shall be utilized on a pro rata basis among the participating boards of education for the acquisition of Equipment. The KISTA COPS, shall be issued pursuant to the terms of a Trust Indenture by and between KISTA and Monticello Banking Company, Somerset, Kentucky ("Trustee") and shall be secured exclusively by rental payments due under a certain Equipment Lease and Security Agreement ("Lease") whereunder the Equipment purchased by KISTA with the proceeds of the COPS, will be leased to the Board on a year to year basis at annual rentals sufficient to amortize the Board's pro rata portion of the proceeds of the COPS allocated to Equipment purchased on behalf of the Board, and the expenses incident to the authorization, sale, and issuance of the COPS.

SECTION 3. AUTHORIZATION OF EXECUTION OF EQUIPMENT LEASE AND SECURITY AGREEMENT

That the Chairman and Secretary of this Board are hereby authorized to execute an Equipment Lease and Security Agreement with KISTA; said Lease shall provide for the lease of the Equipment purchased by KISTA on behalf of the Board to the Board on a year to year basis for a term of ten years at annual rentals sufficient to amortize the Board's pro rata portion of the COPS issued by KISTA on its behalf, as well as the expenses incident to the authorization and sale of said COPS.

The Lease shall be prepared by KISTA's Bond Counsel prior to the sale of KISTA's COPS, and shall be submitted to the Board and its counsel for consideration and execution.

The Lease shall provide for annual rental payments in amounts sufficient to amortize the Board's pro rata portion of the KISTA COPS, which shall be payable in semi-annual installments due two weeks prior to the principal and interest due dates on the KISTA COPS.

The Lease shall provide that the Board shall have the option to not renew the Lease at the end of any rental year (June 30), but the Lease shall automatically renew without action by the Board in the event the Board desires to continue its obligations on a year to year basis.

The Lease shall provide that the Board shall have the option to purchase the Equipment identified therein at any time upon sixty days' notice to KISTA and the Trustee Bank and upon the payment of the Board's pro rata portion of the KISTA COPS, then outstanding, plus interest due to the next interest payment date upon which the Board's portion of said COPS may be redeemed plus any redemption premium.

The Lease shall provide that the Board shall maintain adequate liability insurance in accordance with guidelines established by the statutes and the Department, but the Equipment financed thereunder shall be covered by KISTA for collision insurance for all damage in excess of \$5,000.

The Lease shall provide that title to the Equipment shall be vested in the Board, but shall be subjected to a security interest in favor of the Trustee Bank in order to secure the Registered Owners of the KISTA COPS, with the right to foreclose in the event of a default by the Board.

The Lease shall not be effective or binding upon the Board or KISTA unless and until its provisions and the Board's execution thereof are approved by the Commissioner of Education of the Commonwealth of Kentucky or the duly authorized and designated representative of the Department in accordance with the Commissioner's direction.

That the Lease shall provide that in the event the Board shall fail to pay the required rental payments due thereunder, KISTA, or its designee, shall have the right to advise the Department and request that the Commissioner of Education or his duly designated representative in the Department intercept any funds appropriated and allocated to the Board annually in any year in which the Lease is in effect and apply a sufficient amount to the rental then due; said right of interception shall terminate upon the termination of the Lease by the Board in accordance with its terms.

That the Lease shall provide that title to the Equipment purchased by KISTA on behalf of the Board shall vest in the Board and the Board shall exercise all rights incident to the ownership of said Equipment and shall be responsible for liability insurance and maintenance of said Equipment from which responsibilities KISTA shall be held harmless, but KISTA shall provide collision insurance for claims in excess of \$5,000.

SECTION 4. DIRECTION TO SUPERINTENDENT

That the Superintendent of the Board is hereby authorized and directed to file an executed copy of this Resolution, accompanied by an executed copy of the Board's corresponding School Bus Purchase Authorization, with the Department no later than **March 15th, 2009**; the Department's deadline for KISTA orders; said Resolution and Authorization shall likewise be filed with Ross, Sinclair & Associates, LLC, Financial Advisor to KISTA no later than **March 15, 2009**.

That this Resolution shall constitute a notice and request by the Board to KISTA that the Board be included in the 2009 KEAP pooled financing represented by the KISTA COPS, to the extent of the Board's required Equipment indicated herein and that Counsel for KISTA proceed to prepare the Lease reflecting the general terms herein set forth and the specifics of the Board's participation.

That upon the sale and delivery of the KISTA COPS the proceeds thereof, after the deduction of the expenses incident to their authorization and sale, shall be deposited in an Acquisition Account with the Trustee Bank in the name of the Board and applied to the acquisition of the Equipment for the Board in the total amount of approximately \$ **476,972.00** consisting of **6** Equipment units.

Notwithstanding anything contained herein to the contrary, the Board shall have the right to withdraw its participation at any time prior to **April 1, 2009**, by giving written notice to KISTA of its intention to withdraw. Conversely, KISTA may rely on the commitment of the Board expressed through the adoption of this Resolution unless and until it receives notice to the contrary by the date stated.

SECTION 5. CERTIFICATION REGARDING KISTA CERTIFICATES AS "QUALIFIED TAX EXEMPT OBLIGATIONS "

That pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended by the American Recovery and Reinvestment Act of 2009, the Board, by the adoption of this Resolution, certifies that it will not issue directly or indirectly tax-exempt obligations in an aggregate amount in excess of \$30,000,000 during the calendar year ending December 31, 2009. The Board understands that KISTA's COPS will be issued as "qualified tax exempt obligations", and that the Board's pro rata portion of said COPS will count against the Board's \$30,000,000 "qualified tax exempt obligation" limitation for the calendar year ending December 31, 2009, just as if the Board or its School District Finance Corporation had issued said COPS directly.

SECTION 6. ACKNOWLEDGEMENT OF POSSIBLE VARIATIONS

That by the adoption of this Resolution the Board acknowledges its understanding that estimated interest rates for the KISTA COPS, are subject to some variation based upon the conditions of the municipal bond market at

the time the KISTA COPS are publicly advertised and sold and that the annual rental payments due under the Lease will be impacted by the interest requirements of the COPS, as well as the amount of the Board's participation.

SECTION 7. WAIVER AND CONSENT ON BIDDING

That Ross, Sinclair & Associates, LLC, Frankfort, Kentucky, is acting as Financial Advisor to KISTA and Program Administrator for KEAP; nevertheless, the Board hereby acknowledges and consents to the right of Ross, Sinclair & Associates, LLC to submit a bid for the purchase of the Second Series 2009 Certificates either alone or in concert with other underwriters.

SECTION 8. SEVERABILITY AND REPEAL OF CONFLICTS

That if any section, paragraph or clause hereof shall be held invalid, the invalidity of said section, paragraph or clause shall not affect any of the remaining provisions of this Resolution. All resolutions or parts thereof in conflict with the provisions of this Resolution are hereby repealed and this Resolution shall take effect and be in force upon its adoption.

Passed and adopted by the Board of Education of on the 17 day of MARCH, 2009.

ATTEST:

Chairperson

Secretary

CERTIFICATE OF SECRETARY

I, the undersigned Secretary of the Board of Education certify that the foregoing Resolution was passed and adopted by said Board on the 17 day of MARCH, 2009 by a vote of _____ voting for the motion to adopt said Resolution and _____ voting against said motion and that there is attached hereto a true and correct copy of the State Department of Education's form of 2008 School Bus Purchase Authorization executed by the Chairperson and Secretary of said Board in accordance with the terms of said Resolution.

Dated this 17 day of MARCH, 2009.

Secretary, Board of Education

PLEASE PROCESS AS FOLLOWS:

- (1) FILL IN INFORMATION REQUIRED BY SECTION 4 ABOVE (page 3)
AND SIGN ON PAGE 4
- (2) ATTACH COPY OF 2008 SCHOOL BUS PURCHASE AUTHORIZATION
- (3) RETURN TO ROSS, SINCLAIRE & ASSOCIATES, LLC, P.O. BOX 398, FRANKFORT, KENTUCKY, 40602
- (4) YOUR DISTRICT **MUST** FILE PA-1 AND PA-2 FORMS WITH THE KENTUCKY DEPARTMENT OF EDUCATION BY **March 15, 2009**



PA-1

PA-1 KENTUCKY DEPARTMENT OF EDUCATION 2009 SCHOOL BUS PURCHASE AUTHORIZATION
TYPE A, TYPE C, AND TYPE D SCHOOL BUSES

The Board of Education NELSON COUNTY, Kentucky, on MARCH 17, 20 09, in a legally called and constituted meeting, did vote to purchase school buses through the Kentucky State Contract price procedure. This Board of Education took this official action in order to authorize the Chief State School Officer to procure 2009 school buses. This action, as spread upon the minutes of the meeting of this Board of Education on the above date, should be construed as evidence of obligation of this Board of Education to purchase the above school buses through State Price Contract agreements established in accordance with statutory authority.

Signed _____, Chairman
_____, Secretary
_____, Superintendent

Of NELSON COUNTY, Board of Education Date MARCH 17, 2009

BODY SIDE NUMBERS: Indicate the body side number the Board of Education wants painted on the body side of each school bus. Match body side number to individual item numbers. Example: Item 1 - Side number - 5, 6, 7, 8

Item 18 - Side numbers - 10, 11, 12, 27
Options 4-A/M/FM/CD/P.A. \$736⁰⁰ each

Item 27 - Side numbers - 44, 45
Options 2 Right Center Storage boxes \$725⁰⁰ each, 2 Left Center Storage boxes \$925⁰⁰ each,
2 A/M/FM/CD/P.A. \$907⁰⁰ each

ATTACH ADDITIONAL INFORMATION IF NECESSARY



2009 PA-1 TYPE A AND TYPE C SCHOOL BUSES

Nelson Co

BOARD OF EDUCATION

Item #	No. To Be Purchased	Capacity	Engine & Chassis Manufacturer	HP	Trans.	Brakes	Fuel Tank Location	Wheel base	Body Manufacturer	Rear axle overhang	FOB KY Price
1		16	6.6 GM, GENERAL MOTORS	155	AUTO	H	Center rear	139"	BLUEBIRD	53"	53,705
2		22	6.6 GM, CHEVROLET	155	AUTO	H	Center rear	139"	BLUEBIRD	54"	51,955
3		22	6.6 GM, CHEVROLET	155	AUTO	H	Center rear	139"	MIDBUS	82"	51,729
3		34	CUMMINS ISB-07, BLUEBIRD	220	2500PTS	AB	Center rear	189"	BLUEBIRD	123"	71,225
4		34	MAXFORCE DT, INTERNATIONAL	210	2500PTS	AB	Right side	169"	IC CORP	95"	70,796
5		34	MAXFORCE 7, INTERNATIONAL	200	2500PTS	AB	Right side	169"	IC CORP	95"	69,401
6		34	MBE900, MERCEDES/FREIGHTLINER	210	2500PTS	AB	Center rear	158"	THOMAS	99"	69,417
7		52	CUMMINS ISB-07, BLUEBIRD	220	2500PTS	AB	Center rear	217"	BLUEBIRD	130"	72,420
8		52	MAXFORCE DT, INTERNATIONAL	210	2500PTS	AB	Right side	217"	IC CORP	128"	72,995
9		52	MAXFORCE 7, INTERNATIONAL	200	2500PTS	AB	Right side	217"	IC CORP	128"	71,055
10		52	MBE900 MERCEDES/FREIGHTLINER	210	2500PTS	AB	Right side	219"	THOMAS	128"	71,010
11		66	CUMMINS ISB-07, BLUEBIRD	220	2500PTS	AB	Center rear	273"	BLUEBIRD	151 "	73,785
12		66	MAXFORCE DT, INTERNATIONAL	225	2500PTS	AB	Right side	276"	IC CORP	141"	72,814
13		66	MAXFORCE 7, INTERNATIONAL	215	2500PTS	AB	Right side	276"	IC CORP	141"	71,095
14		66	MBE900 MERCEDES/FREIGHTLINER	210	2500PTS	AB	Right side	279"	THOMAS	148"	71,235
15		66	CUMMINS ISB-07, BLUEBIRD	240	3000PTS	AB	Center rear	273"	BLUEBIRD	151"	77,900
16		66	MAXFORCE DT, INTERNATIONAL	225	3000PTS	AB	Right side	276"	IC CORP	141"	74,603
17		66	MBE900 MERCEDES/FREIGHTLINER	230	3000PTS	AB	Right side	279"	THOMAS	148"	75,310
18	4	72	MAXFORCE DT, INTERNATIONAL	225	3000PTS	AB	Right side	276"	IC CORP	167"	76,418
19		72	MBE900 MERCEDES/FREIGHTLINER	230	3000PTS	AB	Right side	279"	THOMAS	148"	77,159

KEY: Engines

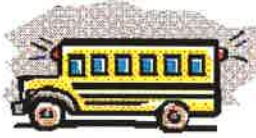
MAXFORCE DT	466CID TURBO ELECTRONIC I-6, DIESEL	AUTO
MAXFORCE 7	390CID TURBO ELECTRONIC V-8, DIESEL	2500PTS
MBE900	440CID TURBO ELECTRONIC I-6, DIESEL	3000PTS
CUMMINS ISB-07	410CID TURBO ELECTRONIC I-6, DIESEL	H
6.5 GM	400CID TURBO ELECTRONIC V8, DIESEL	AB

Transmissions and Brakes

Type A automatic
Allison 5 speed automatic
Allison severe service automatic
Hydraulic Brakes
Air brakes

Fuel Tank Location

Center Rear	Behind the rear axle between the frame rails
Right side	Attached to the right frame rail between the axles
Center	Between the frame rails, between the axles



2009 PA - 1

TYPE D NON-CONVENTIONAL SCHOOL BUSES

Nelson Co.

BOARD OF EDUCATION

FORWARD CONTROL

Item #	No. To Be Purchased	Capacity	Engine & Manufacturer	HP	Trans.	Brakes	Fuel Tank Location	Wheel base	Body Manufacturer	Rear axle overhang	FOB KY Price
20		66	CUMMINS ISB-07, BLUEBIRD	240	3000PTS	AB	Center rear	232"	BLUEBIRD	151"	77,770
21		66	MAXFORCE DT, INTERNATIONAL	225	3000PTS	AB	Right side	198"	IC CORP	138"	79,024
22		70	CUMMINS ISB-07, BLUEBIRD	240	3000PTS	AB	Center rear	232"	BLUEBIRD	158"	82,100
23		70	MAXFORCE DT, INTERNATIONAL	225	3000PTS	AB	Right side	234"	IC CORP	128"	80,450
24		74	CUMMINS ISB-07, BLUEBIRD	240	3000PTS	AB	Center rear	232"	BLUEBIRD	158"	85,770
25		74	MAXFORCE DT, INTERNATIONAL	225	3000PTS	AB	Right side	234"	IC CORP	137"	80,909
26		78	CUMMINS ISB-07, BLUEBIRD	240	3000PTS	AB	Center rear	232"	BLUEBIRD	158"	81,300
27	2	78	MAXFORCE DT, INTERNATIONAL	225	3000PTS	AB	Right side	234"	IC CORP	156"	81,471

REAR ENGINE

Item #	No. To Be Purchased	Capacity	Engine & Manufacturer	HP	Trans.	Brakes	Fuel Tank Location	Wheel base	Body Manufacturer	Rear axle overhang	FOB KY Price
28		72	CUMMINS ISB-07, BLUEBIRD	240	3000PTS	AB	Center	245"	BLUEBIRD	119"	91,545
29		72	MAXFORCE DT, INTERNATIONAL	230	3000PTS	AB	Center	249"	IC CORP	120"	89,762
30		72	MBE900 MERCEDES, FREIGHTLINER	230	3000PTS	AB	Center	238"	THOMAS	115"	89,003
31		78	CUMMINS ISB-07, BLUEBIRD	240	3000PTS	AB	Center	273"	BLUEBIRD	119"	92,080
32		78	MAXFORCE DT, INTERNATIONAL	230	3000PTS	AB	Center	276"	IC CORP	120"	90,687
33		78	MBE900 MERCEDES, FREIGHTLINER	230	3000PTS	AB	Center	267"	THOMAS	115"	89,324
34		78	CUMMINS ISB-07, BLUEBIRD	260	3000PTS	AB	Center	273"	BLUEBIRD	119"	92,930
35		78	MAXFORCE DT, INTERNATIONAL	255	3000PTS	AB	Center	276"	IC CORP	120"	90,844
36		78	MBE900 MERCEDES, FREIGHTLINER	250	3000PTS	AB	Center	267"	THOMAS	115"	90,101
37		84	MBE900 MERCEDES, FREIGHTLINER	250	3000PTS	AB	Center	277"	THOMAS	115"	90,108