

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: April 22, 2003
TO: BOARD OF EDUCATION
FROM: Dr. J. Hairston, Superintendent
SUBJECT: Resolution for Financing
ORIGINATOR: Robert Haines, Deputy Superintendent of Business Services
RESOURCE
PERSON(S): Patrick Fannon, Controller; Richard Gay, Purchasing Manager

RECOMMENDATION

That the Board of Education approve the Resolution for Financing at the April 22, 2003 board meeting.

See the attached presented for consideration by the Board of Education of Baltimore County.

Nature of Issue:

U.S. Treas. Reg. Section 1.150-2 (commonly referred to as the “reimbursement regulations”) requires a local governmental entity’s governing body or its designee to make a “declaration of official intent” if the local governmental entity reasonably anticipates making project expenditures prior to closing on a tax-exempt financing and using the proceeds of such financing to reimburse such original expenditures. It has been the Board of Education of Baltimore County’s annual practice to delegate by resolution to a named official the authority to make a declaration of official intent on its behalf with regard to a planned lease-purchase financing for its vehicle fleet. While the Office of Purchasing does not anticipate that such a declaration will be required in connection with this year’s or any following year’s lease-purchase financing, the Board of Education has been advised to designate an official (by office, not name) to act on its behalf and issue declarations of official intent that satisfy the requirements of U.S. Treas. Reg. Section 1.150-2 for any future tax-exempt financing, if applicable. This delegation of authority will remain in effect unless revoked in writing by the Board and will preclude the need to annually make such a delegation.

Background:

A bid for the purchase of 79 school buses issued on October 17, 2002 and approved by the Board of Education on December 17, 2002 in the amount of \$1,941,797.00 to District International, Hyattsville, MD for thirty-seven (37) 5000 series buses that accommodate 64 walk-on passengers and forty-two (42) 4000 series buses configured to accommodate 20 walk-on passengers and 3 wheelchair passengers in the amount of \$2,432,834.00 from West End Service, Ellicott City, Md. The purchase will be funded by a multi-year lease purchase agreement. The amount of the award was dependent on the amount of money and number of buses approved by the Baltimore County Government for the lease purchase. The school buses will replace existing units and expand the bus fleet to meet growing enrollments. The buses will provide transportation for designated students. The Office of Purchasing, in coordination with our special tax counsel Funk & Bolton Attorney at Law, is currently preparing a bid for obtaining the necessary financing to lease-purchase these buses along with ten 4-door sedans in the amount of \$125,900.00 the Board of Education approved on November 18, 2002. These automobiles will serve as replacement vehicles in the existing fleet. A bid for 20 trucks of various sizes, not to exceed \$878,370, was approved by the Board of Education on March 11, 2003. The trucks of various sizes will be used by multiple offices to provide daily services to the school system, i.e., distribution, maintenance, and operations.

Recommendation:

That the Board of Education approves the attached delegation resolution.

Board of Education of Baltimore County

Delegation Resolution

WHEREAS, Treasury Reg. 1.150-2 imposes certain requirements that must be satisfied in order for the proceeds of a tax-exempt financing to be used to reimburse expenditures paid prior to the date of financing; and

WHEREAS, this Resolution is conditioned upon the financing being a “qualified tax exempt obligation” within the meaning of the Internal Revenue Code, which in turn requires that the Board reasonably anticipate that it and its subordinate units will not tax – exempt obligations in the face amount of more than \$10 million during calendar 2003; and

WHEREAS, Treasury Reg. 1.50-2 requires that the issuer (or a person designated by the issuer to make declarations of official intent on behalf of this issuer) evidence the issuer’s reasonable expectations to reimburse original expenditure(s) will be/were paid; and

WHEREAS, the Board of Education of Baltimore County desires to designate an official of Baltimore County Public Schools who shall be responsible for making declarations of official intent for the purpose of satisfying the official intent requirements of U.S. Treasury Reg. 1.150-2, when applicable, with respect to any future contemplated tax-exempt financing, subject to the provisions of this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Superintendent, Baltimore County Public Schools, be, and hereby is designated as the official of Baltimore County Public Schools, who shall be responsible for making declarations of official intent on behalf of Baltimore County Public Schools for the purpose of satisfying the official intent of Treasury Reg. 1.150.2.

The Board of Education of Baltimore County, Maryland

Donald L. Arnold, President

Joe A. Hairston, Secretary-Treasurer

April 22, 2003

