



# **Wake County Board of Education**

## *FACILITIES*

## **PRECIS**

### **Subject**

PUBLIC PRIVATE PROJECT DELIVERY, LEASE AND JOINT USE AGREEMENTS: COMMUNITY RESPONSIVE ELEMENTARY (SOUTHEASTERN RALEIGH; E-46)

### **Department, Board/Staff Liaison(s), and any Presenters from Outside the District**

Joe Desormeaux

### **Main Points**

On June 21, 2016, the Board entered into a Memorandum of Understanding with the YMCA of the Triangle (YMCA) to memorialize their desire to collaboratively explore a proposed partnership between the Board and YMCA for development of a facility that includes an elementary school and a YMCA. The endeavor is in pursuit of a common vision to work with the emerging neighborhood in its revitalization by creating pathways for its residents to build a better future through education, wellness, housing, medical access, and access to healthy foods.

Since the real property upon which the project is to be located is not owned by the Board, consideration of alternative delivery methods for the project were considered by counsel for the Board and YMCA together with staff input. Board Counsel and staff recommended Board approval of a Public Private Partnership delivery method pursuant to N.C.G.S.143-128.1C and 160A-20 for this unique project. On December 20, 2016 the Board approved a Development Agreement with YMCA to memorialize the intended process for a proposed public private partnership endeavor of the parties regarding the funding structure, design, development, lease and joint use of facilities that include an elementary school and YMCA. The proposed site lies within the planned E-46 future elementary school target ring as included in the Capital Improvement Plan. The terms and conditions of the lease agreement and joint use agreement have now been reached with the YMCA. The lease term is twenty (20) years, with options for three additional ten (10) year term extensions, which commences upon substantial completion of the facility on or about July 1, 2019. Further detail is available within the attached copies of the Joint Use Agreement and Lease.

## **Fiscal Implications**

The YMCA will provide funding for the project in exchange for the Board's lease of the completed facility. Funding is planned as part of the FY2018 funding of the Capital Improvement Plan. The lease is subject to approval by the Board of Commissioners and the NC Local Government Commission.

## **Savings**

Not applicable.

## **Recommendation for Action/Next Steps**

Staff requests Board approval of the lease and joint use subject to approval of Board Counsel as to form, and to approval by the Board of Commissioners and the NC Local Government Commission as required by N.C.G.S 115C-530.

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# Wake County Board of Education

## *FACILITIES*

## **PRECIS**

### **Subject**

RESOLUTION IN SUPPORT OF REQUEST FOR NORTH CAROLINA LOCAL GOVERNMENT COMMISSION APPROVAL: LEASE OF E-46 ELEMENTARY SCHOOL FACILITY

### **Department, Board/Staff Liaison(s), and any Presenters from Outside the District**

Betty L. Parker

### **Main Points**

On June 21, 2016, the Board entered into a Memorandum of Understanding with the The Young Men's Christian Association of the Triangle Area, Inc., (YMCA) to memorialize their desire to collaboratively explore a proposed partnership between the Board and YMCA for development of a facility that includes an elementary school and a YMCA. Since the real property upon which the project is to be located is not owned by the Board, consideration of alternative delivery methods for the project were considered by counsel for the Board and YMCA together with staff input. Board Counsel and staff recommended Board approval of a Public Private Partnership delivery method pursuant to N.C.G.S.143-128.1C and 160A-20 for this unique project. On December 20, 2016 the Board approved a Development Agreement with YMCA to memorialize the intended process for a proposed public private partnership endeavor of the parties regarding the funding structure, design, development, lease and joint use of facilities that include an elementary school and YMCA. The proposed site lies within the planned E-46 future elementary school target ring as included in the Capital Improvement Plan.

At its meeting on October 3, 2017, the Board received information from staff on the terms and conditions of a Lease Agreement with YMCA to lease a portion of a building containing a total of 115,021 square feet ("Building") consisting of 76,004 square feet ("Premises") for the operation of an elementary school, and located on a  $\pm 18.758$  acre parcel of land at 1436 Rock Quarry Road, subject to approval of funding by the Board of Commissioners and the North Carolina Local Government Commission. The lease also includes Joint Use Agreement terms that provide for shared Board and YMCA use of certain interior and exterior facilities. Upon due consideration the Board approved the terms and conditions of the lease. At its meeting on January 15, 2018, the Wake County Board of Commissioners received a first reading presentation on the Board's need for acquisition of the school space, and the terms and conditions of the Lease Agreement. A second reading will be had by the Board

of Commissioners at its meeting on February 5, 2018, at which time the Wake County Board of Commissioners will be requested to appropriate sufficient funds to the Board to meet the Board's payment obligations under the Lease. Pursuant to Section 115C-530 of the North Carolina General Statutes, approval of the Lease by the Local Government Commission is required. In support of the Board's submittal of a request for Local Government Commission approval of the subject lease, adoption of a resolution confirming certain determinations and findings is necessary and appropriate. A copy of the proposed Resolution is provided.

## **Fiscal Implications**

None at this time.

## **Savings**

None at this time.

## **Recommendation for Action / Next Steps**

Staff requests Board approval.

**RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS  
REGARDING THE EXECUTION OF AN OPERATING LEASE FOR  
EDUCATIONAL AND RELATED FACILITIES AND REQUESTING THE  
LOCAL GOVERNMENT COMMISSION TO APPROVE SAID OPERATING  
LEASE**

**BE IT RESOLVED** by the Wake County Board of Education (the “Board”) for the County of Wake, North Carolina (the “County”) as follows:

**Section 1.** The Board does hereby find and determine as follows:

(a) There exists a need to obtain educational and related facilities for an elementary school (the “Project”) to be used by the Board and the Wake County Public School System (the “System”) and the Board has determined to enter into a 20-year operating lease with three 10-year extension options with Young Men’s Christian Association of the Triangle Area, Inc. (the “Lease”), a copy of which has been made available to Board Members; and

(b) The Board of Education will request that the Board of Commissioners for the County adopt a resolution on February 5, 2018, agreeing to appropriate sufficient funds to the Board to meet the Board’s payment obligations under the Lease, as described in said proposed resolution of the Board of Commissioners; and

(c) It is in the best interest of the Board to enter into the Lease in that such transaction will result in satisfying the Board and the System’s educational space needs in an efficient and cost effective manner.

**Section 2.** The Board hereby requests the Local Government Commission to approve the Lease pursuant to Section 115C-530 of the North Carolina General Statutes. In connection therewith the Board hereby finds and determines that:

(a) Entering into the Lease is preferable to a general obligation bond and revenue bond issue in that (i) the Board does not have the constitutional authority to issue general obligation bonds and the County does not have the constitutional authority to issue non-voted general obligation bonds pursuant to Article V, Section 4 of the North Carolina Constitution because the County has not retired a sufficient amount of debt in the preceding fiscal year to issue a sufficient amount of general obligation bonds for the Project without an election; (ii) the nature of the Project is such that a revenue bond financing under The State and Local Government Revenue Bond Act is not feasible; (iii) the cost of constructing or purchasing the Project exceeds the amount to be prudently provided from currently available appropriations and unappropriated fund balances; (iv) the circumstances existing require that funds be available to commence related construction on the Project as soon as practicable and the time required for holding an election for the issuance of voted general obligation bonds pursuant to Article V, Section 4 of the North Carolina Constitution and the Local Government Bond Act will delay the commencement of construction of the Project by several months; and (v) there can be no assurances that the Project will be approved by the voters, the Board and the County agree that current bond capacity be utilized for school construction, renovation and related expenses, and the necessity of such Project dictates that the Project be financed by a method that assures that such Project will be constructed in an expedient manner;

(b) The cost of providing for the Project through the entering into of the Lease is reasonable comparable to the costs of issuing general obligation bonds or other available methods of financing and is acceptable to the Board; and

(c) The debt management policies of the County have been carried out in strict compliance with law, and the County is not in default under any obligation for repayment of borrowed money; and

(d) As described in the aforementioned February 5, 2018 proposed resolution of the Board of Commissioners of the County, payments on the Lease will be provided as part of the County's regular appropriations to the Board so no tax or rate increase is anticipated to be necessary to pay Lease payments.

**Section 3.** The Board hereby determines that it is in the Board's best interest to proceed at this time with entering into the Lease.

**Section 4.** This resolution shall take effect immediately upon its passage.

Adopted this the 16th day of January, 2018.

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Monika Johnson-Hostler, Chair

**ATTEST:**

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James G. Merrill, Secretary