

	<p><b>Agenda Item: Resolution</b></p> <p><b>Title: Resolution 2026-22, Authorizing a Site Lease and a Facilities Sublease Agreement</b></p>
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**Recommended Council MOTION:**

I move that the Laramie City Council approve Resolution 2026-22, authorizing a site lease and facilities sublease agreement, and authorize the Mayor and City Clerk to sign.

**Administrative or Policy Goal:**

The Finance Director must propose financing strategies when it is in the City’s best interest to spread out the cost of a major capital project or equipment acquisition over time. Various options exist when the City determines that a pay-as-you-go approach is not suited to a project. At times, outside professionals are engaged to help evaluate the best option.

**Background:**

The design and scoping of the City Hall and the Annex building improvement project began several years ago. The goal of this project is to modernize working and storage spaces, while maximizing use of the limited space available in the City Hall and Annex buildings. Based on the architect’s recommendation, staff determined that the most efficient use of resources would be returned by remodeling the City Hall basement in full and all three floors of the Annex building. Voter approved 2018 SPET funds were available for this project, but there was a funding gap of approximately \$1.9 million. The Finance Director recommended against using cash reserves to fill the funding gap, as plans were in the works for additional investment in street and surface water drainage infrastructure.

The Finance Director engaged with the City’s Municipal Advisor, Todd Bishop, to determine acceptable ways to secure the proceeds needed to construct the full project. Rick Thompson, legal counsel in financing matters, was also engaged. A site lease and facilities sublease agreement was chosen as the model, and Todd Bishop worked with banks to directly place the transaction in a competitive manner. The bid proposal was submitted to 7 banks; 4 responded with rates ranging from 4.12%-4.75% over the 7-year lease term.

The City’s Municipal Advisor and Finance Director recommend awarding the site lease and facilities sublease agreement to FNBO for the 4.12% proposed rate. This rate barely exceeds the 7-year treasury yield curve and is a very competitive offer in the current environment.

The site lease has been secured as the mechanism to fill the project funding gap based on current SPET collection estimates. When the tax is fully collected, and excess funds are distributed by the County Treasurer, the Finance Director will work with the City Manager to evaluate the best use of those proceeds.

This item was tabled at the last regular City Council meeting to allow further consideration. FNBO has agreed to honor the initial quoted rate of 4.12% for this financing transaction and extend the closing date until March 9, 2026. Todd Bishop and Rick Thompson worked with City staff to update required documents.

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**Legal/Statutory Authority:**

IRS Code Sections 141, 145, & 265

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**Budget Information:**

The financing of this project through the lease-sublease transaction has been disclosed in the City's adopted budget publication and has been openly discussed in previous public meetings.

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**Responsible Staff:**

Jennifer Wade, Administrative Services Director

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**Attachments:**

Resolution 2026-22

Site Lease Agreement

Sublease Agreement