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Validation of Up to $27,600,000 Trust Certificates Evidencing Proportional Interests in a Lease by Simpson County School District

Supreme Court of Mississippi - November 14, 2024 - So.3d - 2024 WL 4795292

School district sought validation of trust certificates for a lease/leaseback transaction in order to fund the construction of a consolidated and centrally located high school pursuant to the Emergency School Leasing Authority Act (ESLA).

After an objection to the validation was timely filed, the Chancery Court granted the validation request. Objectors appealed.

The Supreme Court held that:

- It was lawful for the board to approve a nunc pro tunc amendment to prior meeting's minutes to add, by reference, the actual language of a "Capital Lease Resolution of Intent" that the board, at a prior meeting, had resolved to publish;
- Omission of a page from the meeting minutes in the official transcript sent to the state bond attorney was harmless and thus did not preclude validation;
- Board's published notice met ESLA's requirements;
- Objectors were afforded sufficient procedural due process under the Fourteenth Amendment and the Mississippi Constitution;
- Board could create a nonprofit corporation to aid in the financing of its lease/leaseback transaction; and
- Board could use ESLA for the lease/leaseback transaction, despite argument that ELSA was created for a kindergarten emergency that no longer was an ongoing issue.

As was relevant to validation of school district's trust certificates for a lease/leaseback transaction under the Emergency School Leasing Authority Act (ESLA), it was lawful for the school board to approve a nunc pro tunc amendment to prior meeting's minutes to add, by reference, the actual language of a "Capital Lease Resolution of Intent" that the board, at the prior meeting, had resolved to publish; the evidence presented supported finding that the amendment was a reflection of what actually occurred at that prior meeting.

The omission of a page from the meeting minutes in the official transcript sent to the state bond attorney was harmless and thus did not preclude validation of school district's trust certificates for a lease/leaseback transaction under the Emergency School Leasing Authority Act (ESLA); the missing page provided notice of the meeting where the Board would take final action on the "Capital Lease Resolution of Intent," and if the page had been included in what was sent to the state bond attorney, it would only have furthered evidence that proper procedure was followed.

As was relevant to validation of trust certificates, notice published by school board as to its "Capital Lease Resolution of Intent" for a lease/leaseback transaction met the statutory requirements of the

Emergency School Leasing Authority Act (ESLA); despite argument that notice did not provide details on the financing or the specifics of the project, notice stated that a need existed for up to 10 school facilities, that the district could not provide the necessary funds to meet the present needs, and that the district would sell, lease, lend, grant, or otherwise convey facilities, and that title to any real property transferred by district would revert to district at expiration of term that would not exceed twenty years, and notice further informed reader of how to challenge board's resolution.

The opinion of the state bond attorney is not binding on the Supreme Court on review of a decision on a school board's request for a validation of trust certificates for a transaction under the Emergency School Leasing Authority Act (ESLA); it is merely a recommendation.

Objectors to validation of school district's trust certificates for a lease/leaseback transaction in order to fund the construction of a consolidated and centrally located high school pursuant to the Emergency School Leasing Authority Act (ESLA) were afforded sufficient procedural due process under the Fourteenth Amendment and the Mississippi Constitution; objectors were afforded notice and the opportunity to challenge and be heard as provided by the legislature in ESLA, board met ESLA's notice requirements by publishing their resolution in the newspaper of general circulation not less than 30 days before final action on the project was to be taken, and Board exceeded ESLA's publication requirement by publishing its resolution four times instead of the statutorily required three.

School board could create a nonprofit corporation to aid in the financing of its lease/leaseback project to fund the construction of a consolidated and centrally located high school pursuant to the Emergency School Leasing Authority Act (ESLA), as was relevant to board's request for validation of trust certificates; entities could create corporations under the Non-Profit Corporation Act, and the board, as a governmental subdivision of the state, was an "entity."

As was relevant to validation of trust certificates, school board could use Emergency School Leasing Authority Act (ESLA) for lease/leaseback transaction that would fund construction of a consolidated and centrally located high school, despite argument that ELSA was created for a kindergarten emergency that no longer was an ongoing issue; the mere use of the word "emergency" in the title of the act did not create such a limitation on all sections throughout the chapter, ESLA did not require board to declare an emergency, and board was not required to use ESLA only to build kindergartens.

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