

**OFFICE OF THE SUPERINTENDENT OF SCHOOLS
106 Hancock Rd.
Peterborough, New Hampshire**

CONTOOCOOK VALLEY SCHOOL DISTRICT

BUDGET & PROPERTY

Thursday, January 2, 2020

**SAU #1 Board Room
6:30 PM**

Agenda

Committee Members:

- Jim Fredrickson, Chair
- Rich Cahoon
- Richard Dunning
- Niki McGettigan
- Stephan Morrissey
- Kristen Reilly

- 1. Call to Order**
- 2. Approval of Minutes – December 10, 2019**
- 3. 2020-21 Budget**
- 4. Capital Improvement Plan/Funding Options**
- 5. Warrant Article Recommendations**
- 6. Status Update:**
 1. Solar Project Letter of Intent
 2. Antrim Gym
- 7. Other**

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CONTOOCCOOK VALLEY SCHOOL DISTRICT

BUDGET & PROPERTY

Tuesday, December 10, 2019

**SAU #1 Board Room
6:00 PM**

Minutes

Committee Members:

- Jim Fredrickson, Chair
- Rich Cahoon
- Richard Dunning
- Niki McGettigan
- Stephan Morrissey
- Kristen Reilly

Present: Jim Fredrickson, Rich Cahoon, Richard Dunning, Niki McGettigan, Stephan Morrissey, Janine Lesser, Katherine Heck, Tim Grossi, Kimberly Saunders, Alan Edelkind, John Jordan (SAC), Dan Weeks (Revision Energy), Michelle Russell, Dory Drachman, Emily Manns

1. Call to Order

Jim Fredrickson called the meeting to order at 6:03 p.m.

2. Approval of Minutes – November 12, 2019

Dick Dunning motioned to approve the minutes of November 12, 2019. Niki McGettigan second. Rich Cahoon abstained. All else in favor. Motion carried.

3. 2020-21 Budget

Version 4 of the proposed budget includes the increase for support services for the accountant and it includes an increase in miscellaneous for the food service deficit.

Tim Grossi said that a 20% increase in the cost of water will be enacted in January (letter received today) in the Town of Antrim.

Rich Cahoon said that adding \$100K for a deficit for food service was noted. The reality is that we first have to balance the funds before there are any further actions. The possibility of us not having \$100K at the end of the year is remote. We are prefunding our capital reserves or trust. We should not raise it from taxation and plan to give it back 12 months later. We should add it to the budget.

We should figure out what percentage of our budget is a reasonable amount to carry in a surplus.

Katherine Heck said that is already prescribed in the GFOA. 5% is the safe number to carry. The retained fund balance would come from the DRA. She is not into overtaxing anyone but it is tied to cash flow.

Rich Cahoon said that we cannot have a retained fund balance; towns can. This is about putting money into capital reserves rather than hide it as food service deficit.

Rich Cahoon further said that we are artificially inflating our fund balance.

Version 5 is coming.

4. Solar Project

Dan Weeks, Revision Energy, was present to answer questions about the proposed Letter of Intent.

Kimberly reported that she and Dan met to discuss impressions that the board had after seeing the Letter of Intent for the first time at a public meeting.

Jim Fredrickson asked what Dan thought about the schedule at this point in time, December 20th. It will be negotiated.

Dan Weeks noted that the dates in place were placed several months ago. It was noted though that they were just shared a month ago. Dan said that he believes that there is some room in the calendar to address this.

Jim Fredrickson asked if the date challenge provides an issue for the investor. A change from 30% to 26% is anticipated. Dan said that there is a possibility that the 30% is extended but the financials have been updated to reflect the 26%. We are seeing a bit of a reduction in the pricing of solar panel pricing. An improvement in panel efficiency is also being realized. The combination of these things may result in the same economics as presented to the board. Dan Weeks said that holding pricing to what was presented is likely.

History of the Federal Tax Credit? Dan said that there has been one extension in 2016; it was extended for a period of 3 years. There was a lot of last minute lobbying. The thought is that there may be a compromise to extend the 30% for another 10 years.

Does this tax credit apply to both solar and wind? Dan said that they are different credits.

Rich Cahoon said that he is trying to untangle what the relationship is between Revision, the investor, and the Peterborough Energy Commission (PEC).

Dan said that there is no formal relationship. He said that he presented to the School Board two years ago. Revision was asked to do a preliminary design. Financials were run. At that time, no discussions occurred with the Peterborough Commission. It was decided that it was not right for the district. Revision ceased. Periodic contact for a multi-town solarized campaign for bid occurred. Revision was selected. As that was wrapping up, Michelle Russell and Dory Drachman reached out about the proposed project. Financials were updated. They provided information. Dan said that he has not been part of any of the Peterborough Commission meetings. They felt that the board needed to continue their process. Revision Energy would be honored to be a part of the Letter of Intent.

Michelle Russell shared that she came to this committee a while ago and had no connection to the Peterborough Commission. She studied environmental science in college and thought the project might be interesting. The project was never pursued further. Her interest was as an individual. She sought others to break barriers to see if there was an interest in the district. She reached out to Dan Weeks to share updated information at one point. The next approach was to conduct an RFP. She said that she pursued every option that she could. She met with Tim Grossi and an analysis of electricity usage was conducted. Later, they became aware that the Federal Tax Credit was scheduled to expire. The ConVal School Board set three "must haves" for consideration of such a project; no cost to the district, an educational component for students, and immediate savings.

Dory reported that she found out about Michelle's efforts as she was the Chair of the PEC. PEC invited Michelle Russell to meetings so that they could work together. When the PEC attended Budget & Property meetings, they discovered how busy the district and committees were. They did some of the ground work. The criteria of what would make a proposal fly was one where two members of the committee did an analysis of usage. They concluded that working with Revision was favorable because of the investor package. It allowed for a lower return of investment to the investors. They were agreeable. Dan Weeks said that Revision has been building solar projects for a decade now through the investor model. In 2017, they converted to a 100% employee owned company and they could no longer directly finance projects. It caused them to recruit a group of core investor partners. It places Revision in a unique category.

Rich Cahoon asked what Mr. Walker's role is in this. Dan Weeks said that he has no role other than that he is an advocate. He would have no role as an investor.

Rich Cahoon said that RFP's have been mentioned; only the district can issue an RFP. He is confused by the reference of an RFP.

Michelle Russell said that when they heard the criteria of lower price, no upfront cost, education component, it seemed the RFP process might not be the best way to go because not many companies can meet that model. Bob Hayden's recommendation was to the PEC.

Dan Weeks said that the district requested sample RFP's and RFQ's. Revision provided several examples. It was not pursued.

Emily Manns said that in the process without a definite path forward, RFP's and RFQ's were run.

Kimberly Saunders said that the PEC nor Bob Hayden does not have the authority to run an RFP for the district.

Dan Weeks said that he understood that the board agreed to negotiate a Letter of Intent.

Dory said that she recalls several meetings where an RFP came up. It appeared that there was less interest in the project. It wasn't until Bob Hayden came and shared a way to move forward that it was thought that the project gained traction.

Janine Lesser asked if they were in the opinion that there were other companies that might bid on this project. Emily Manns confirmed that there were.

Jim Fredrickson said that the district, Revision, and the impact investor are the three players. Is the investor tied to Revision? Dan confirmed that the investor and Revision come as a package.

Kimberly Saunders shared concerns about the anonymity component. The district can take anonymous donations but she cannot ask the public to vote on a contract with an anonymous investor.

Dan Weeks said that at the development stage, the investor is private and disclosed later in time.

Katherine Heck asked for clarification about Mr. Walker's status. Mr. Walker stated that he was an investor and it was stated tonight that he is not. Dory clarified that he is on the Peterborough Energy Committee and not an investor.

Dick Dunning said that the group did exactly what they were asked to do. Within the request there are some unanswered questions. He said that information tonight has been extremely transparent. It is a project that needs to be looked at carefully.

Stephan Morrissey asked if it has to be on the roof.

Jim Fredrickson said that they would like to see an alternative for a ground installation. Second, a little more beef on the educational requirement is needed. There was reluctance to move the project forward. There are some concerns going down the road with prescribed partners and not going out to bid.

Dan Weeks said that it is important to share that they (Revision) are never trying to drive the process. Revision would be happy to provide a proposal for a ground mount. One and a half acres of land are required. Trenching would require additional costs. Roofs are favorable because penetrations are not made to the roof. The roof would be evaluated first. Virtually every roof mounted system is installed without the intention to have to remove snow.

Emily Manns said that the \$10K energy study will evaluate the snow load. If the analysis was conducted it would be a benefit to provide confidence.

5. Capital Improvement Plan

Jim Fredrickson distributed a ConVal Capital Improvement Plan in a pivot table (see attached).

Information was displayed in various ways; funded in different ways, by school by year etc.

A bond would be required for \$8,669,522 for years 2021 through 2027.

Discussion took place about the figures in each year.

Kimberly Saunders said that the letter of intents gets us in line. The application for approval would follow. If we don't get building aid, the district would have to fund it. Prioritizing for building aid should take place. Items for building aid have been designated in the summary.

Jim Fredrickson said that he wants to coordinate the Trust Fund Summary with the Capital Improvement Plan.

Rich Cahoon suggested that the building capital reserve fund is also our building emergency fund. Head room should be left rather than spending every penny.

Jim Fredrickson suggested meeting again on Thursday and bringing to Tuesday's meeting.

Discussion took place about renovations to the middle schools and completion of the high school. We know that we need \$8.6M at the very least; closer to \$13M to include the middle schools.

Jim Fredrickson asked if a separate warrant article for parking lots and asphalt is needed. Rich Cahoon said that it will never pass for parking lots. It has to be done in pieces even though there would be cost efficiencies. An article will be drafted and brought to the full board. The challenge is that if it is voted

down, the work cannot be done for one year. Tim Grossi said that the historical decisions need to be carried forward.

Jim Fredrickson asked about trust fund use, at the end of this school year, there will be \$1.4M in the Capital Reserve Fund. \$1.1M is suggested for spending.

The board needs to make a final decision on which items will be funded in the three sources: Trust Fund, Budget, or Bond.

A revised recommendation will be brought forward at Tuesday's School Board meeting

Tim Grossi and Kimberly Saunders will put together a spreadsheet.

Trust Fund money for parking is the suggestion.

Jim said that he is recommending not further funding the Special Education Trust Funds.

More discussion will take place in January.

Rich Cahoon said that for the Special Education Fund, it was agreed not to transfer funds out for other purposes and to also not add to it once it reaches \$1M.

Athletic Trust Fund seems stable and plenty. Rich Cahoon said that the \$160K proposed for PES is for an athletic field. Recoating of the track is due (\$30K). Concessions stand work was noted.

Health Maintenance – Zero

Equipment – used for vehicles and tractors; try to synchronize the funding mechanism.

6. Other

Rich Cahoon moved to enter into non-public session for the purpose of negotiations at 7:40 p.m. Dick Dunning second. Unanimous.

Dick Dunning moved to exit non-public session at 8:02 p.m. Rich Cahoon second. Unanimous.

Dick Dunning moved to seal the minutes of non-public session for 5 years. Rich Cahoon second. Unanimous.

Dick Dunning motioned to adjourn at 8:03 p.m. Second. Unanimous.

Respectfully submitted,

Brenda Marschok