

Concord School District
Board of Education
Public Hearing on the bond presentation
December 5, 2016

Board members present: Rusty Cofrin, Clint Cogswell, Tom Croteau, Nathan Fennessy, Barb Higgins, Alana Kimball, Jennifer Patterson, Maureen Redmond-Scura, Jim Richards, student representatives Rebecca Proulx and Esther Elonga

Administrators present: *Superintendent* Terri Forsten, *Assistant Superintendent* Donna Palley, *Business Administrator* Jack Dunn, *Director of Human Resources* Larry Prince, *Director of Facilities* Matt Cashman

Board President Clint Cogswell opened the public hearing at 7:00 p.m., and noted that its purpose was to receive public input on the proposed loan. Business Administrator Jack Dunn commented that the loan resolution has been discussed with the Board in various stages over the past few months and presented a number of details using a PowerPoint presentation. He reviewed the following:

Prior Board Discussion

October 17, 2016 – Finance Committee

- Declaration to Reimburse
- Provide copy of Loan Resolution
- Discussion Timeline

October 26, 2016 – Special Board meeting

- Introduction of Loan Resolution and Ratification of Declaration of Intent to Reimburse
- Set Public Hearing for November 7, 2016
- Set Special Board Meeting for November 22, 2016 for Vote on Loan Resolution

November 7, 2016 – Board meeting – Public Hearing

- Public Hearing on Loan Resolution

December 5, 2016 – monthly Board meeting

- Vote on Loan Resolution

Bonding History

Joint District and City:

1987-88 – Rundlett Middle School – Addition & Expansion

- \$4,684,000 (1987)
- \$4,865,000 (1988)

1995 – Concord High School – Addition & Expansion

- \$32,000,000 (2 Issues)
- \$22 million – Paid off in FY15

- \$9 million – To be paid off in FY18
- 2001 – Various projects - Buses and Building Repairs
- \$1,000,000

District-issued:

- 2009 – Rundlett Middle School - HVAC Upgrade Project
- \$4.3 million – Qualified School Construction Bond (QSCB) – 0% Interest after Rebate
- 2010 – Elementary Consolidation & SAU Renovation Project
- State Building Aid (40-43%) reimbursement (*old program sunset June 30, 2010*)
 - Build America Bonds (BABs) – Interest Reimbursement Program (*sunset December 31, 2010*)
 - Authorized \$62,539,605
 - Borrowed \$55,000,000
 - Bond Premium \$1,800,000
- 2014 – 10 Year Capital Projects and Bus Fleet Upgrade
- Proposed \$8.6 million (May, 2014)
 - Authorized \$8.6 million (August, 2014)
 - Cancelled \$8.6 million (October, 2014)

Capital Projects

Abbot-Downing (2012) 72,000 sq ft

<i>Projects</i>	<i>Amount</i>	<i>Life Expectancy</i>
Heat plant conversion to natural gas from Concord Steam	\$1,185,611.18	20+ Years
Total	\$1,185,611.18	

Christa McAuliffe (2012) – 68,000 sq ft

<i>Projects</i>	<i>Amount</i>	<i>Life Expectancy</i>
Heat plant conversion to natural gas from Concord Steam	\$1,194,960.76	20+ Years
Total	\$1,194,960.76	

Rundlett Middle School (1957) Last major renovation and addition 1989 – 186,000 sq ft

<i>Projects</i>	<i>Amount</i>	<i>Life Expectancy</i>
Heat plant conversion to natural gas from Concord Steam	\$1,345,058.15	10+ Years
Total	\$1,345,058.15	

Concord High (1929), Last major renovation and addition (1995-1996) – 536,000 sq ft

<i>Projects</i>	<i>Amount</i>	<i>Life Expectancy</i>
Heat plant conversion to natural gas Concord Steam with addition to house mechanical boilers and hot water from heaters	\$5,274,369.91	20+ Years
Total	\$5,274,369.91	

CRTC Childcare Facility (1994) renovate/replace/relocate – 4,600 sq ft

<i>Projects</i>	<i>Amount</i>	<i>Life Expectancy</i>
Renovate, replace or relocate the CRTC Childcare Facility	\$1,000,000	20+ Years
Total	\$1,000,000	

Transportation Fleet - current fleet: (26) "Big" (12) "Small" Passenger Buses

<i>Buses</i>	<i>Amount</i>	<i>Life Expectancy</i>
(2) Type D, 76 Passenger w/ WC		
(2) Type D, 89 Passenger	\$331,000	10 Years
Replaces Buses 2006-2007, Planned in FY18		
(1) Type A, 17 Passenger w/ WC		
(3) Type C, 78 Passenger	\$317,000	10 Years
*Replaces Buses 2008-2010, proposed for FY19		
(2) Type A, 18 Passenger w/ WC		
(3) Type C, 77 Passenger	\$352,000	10 Years
* Replaces Buses 2009-2010, proposed for FY20		
Total	\$1,000,000	

Technology Update

<i>Technology</i>	<i>Amount</i>	<i>Life Expectancy</i>
Replacement iPads for elementary level, Chromebooks for CHS grades 9 & 12, and staff laptops	\$1,000,000	5 Years
Total	\$1,000,000	

- Elementary iPads are going to be 5 years old
- iPad2s will not upgrade to iOS 10
- Chromebooks for Grades 9 and 12. (Grades 10 and 11 Chromebooks in current FY17 Budget)
- Staff Laptops
- Further evaluation will determine the exact upgrades and technology for next year

Capital Projects (~862,000 square feet)

<i>Projects</i>	<i>Amount</i>	<i>Life Expectancy</i>
Heat conversion (ADS, CMS, RMS, CHS and CRTC)	\$9,000,000	20+ Years
CRTC Childcare facility	\$1,000,000	20+ Years
Total Capital Projects	\$10,000,000	

Transportation

<i>Description</i>	<i>Amount</i>	<i>Life Expectancy</i>
Type A, C & D buses	\$1,000,000	10+ Years

Technology

<i>Description</i>	<i>Amount</i>	<i>Life Expectancy</i>
iPad replacement and Chromebooks	\$1,000,000	5 Years
Grand Total:	\$12 million	

Bond process (*if Board authorizes debt*)

1. Authorize the debt and notify First Southwest and bond counsel
2. Update Disclosure/Preliminary Official Statement to be used as part of the bond prospectus – needs to be updated with current/most recent data, and make sure there is nothing material that an investor would want to know in making a decision to invest in the School District that is not already disclosed in the document. Set up rating call and ask for questions/topics in advance.
3. Legal review of bond authorization by bond counsel; bond counsel provides a list of documents needed to evidence that the bond was duly and properly authorized as required by law. The School District needs to provide these documents and satisfy legal requirements set forth by bond counsel in order to for bond counsel to be able to be in a position to provide a legal opinion on the bonds.
4. Process – legal documents are sent to First Southwest; First Southwest forwards the information to bond counsel and tracks the status of legal requirements.
5. Prepare Debt Schedule/bond structure with First Southwest. Once a structure is agreed upon, the final structure goes to bond counsel for review.
6. Ratings Call (S&P & Moody’s) – First Southwest coordinates conference call with rating agency and School District, typically an hour-long review process
7. Bond counsel reviews the Preliminary Official Statement and bond structure and provides any comments before the bond sale is advertised.
8. Issue request to market – Preliminary Official Statement is distributed electronically to prospective bidders on the bonds.
9. Bond Sale – First Southwest takes bids on the bonds and works with the bond underwriter and bond counsel to provide certain information related to the bonds. First Southwest provides School District with bond debt schedules and sets up the delivery of bond proceeds with the bond underwriter.
10. Pre-delivery preparation – bond counsel prepares bond securities and related documents and sends to School District to execute at a scheduled School Committee meeting. School District sends executed bond documents back to First Southwest. First Southwest delivers executed bonds to US Bank (paying agent on the bonds) and to bond counsel.
11. First Southwest closes the issue with bond underwriter, and bond proceeds are delivered to the School District’s bank account.

Proposed Motion

Move that the School Board adopt the loan resolution, as presented, on November 7, 2016 and December 5, 2016 that authorizes debt of up to \$12,000,000 for the following projects:

<i>Description</i>	<i>Amount</i>	<i>Life Expectancy</i>
Heat Conversion (ADS, CMS, RMS, CHS and CRTC)	\$9,000,000	20+ Years
CRTC Childcare Facility	\$1,000,000	20+ Years
Type A, C & D Buses	\$1,000,000	10+ Years
iPad Replacement and Chromebooks	\$1,000,000	5 Years
Total	\$12,000,000	

The Public Hearing and loan resolution vote must happen within 15-60 days of the introduction of the loan resolution. Two-thirds of Board members are needed to vote in the affirmative to authorize debt. The proposed date for this action is Monday, December 5, 2016.

Public Comment

Concord resident Betty Hoadley noted that the Board has long had a goal to maintain long-term debt of no more than 5% of the total budget. She complimented the Board on going forward with the plan to bond \$9 million for the required steam conversion. Mrs. Hoadley said she attended or viewed several Board meetings on this topic. She also offered feedback on the long duration for IT proposed in the bond. She agreed that \$1 million for new buses is “a no-brainer.” Mrs. Hoadley found it troubling that the childcare facility plan is not fully formed, noting that the proposed \$1 million needs to be dedicated (cannot be used for another purpose) to something that is at least in the ballpark. She noted that there are many possible problems with the stable building, including that it has not been stabilized, and that there are many restrictions for preschool (students cannot be on the second floor; appropriate access and egress). She said she is concerned about the last \$1 million; she supports the other \$11 million. She will be watching carefully the 5% “debt differential” or the “stabilization fund.” Ms. Patterson agreed that this fund is essential and critical. She said the Board cannot deviate from this plan. She noted that Mr. Dunn always looks for state aid and state adequacy buildup, and carefully figures out where the District can get help.

Concord resident Roy Schweiker noted that he has tried to find information about School Board meetings to little avail and that, compared to City Council public hearings, there are no linked spreadsheets or plans on the District website. He said that public hearing minutes are not linked to any spreadsheets or plans that were presented at the meetings. City Council has a link to all its related documents. He commented that the only source of information on this material, due to lack of information on the District website, was the Concord Monitor. Mr. Schweiker also commented that he

found it strange that there is little cost difference in the conversion between the 70,000 sq ft elementary school and the 186,000 sq ft middle school. Mr. Schweiker noted that both his furnace and water heater suddenly stopped working last year; he was able to fix these immediately, with no planning time whatever. He remarked that he is not as sympathetic as others might be, as the District has an immense amount of time to develop a plan. As for the Technology, Mr. Schweiker noted that he could not find any documentation and asked how thoroughly the District has reviewed the need for iPads. He commented that other devices are much cheaper than iPads, such as the Amazon Fire for \$33, and asked how the expensive iPads were picked. He said he is concerned about whether this technology is anything that is at all useful, and noted that when the iPads were bought, the public was told that one person per school would be hired to teach teachers about technology. He said his understanding was that these teacher positions were to be temporary. He said that it is taking more people to undertake teaching with iPads than without them, and now the District is spending \$1 million on them. He said that he understands that learning hasn't increased and that now we have to have kindergarten because our children are falling behind, which means the promise of more learning with computers is not true and, at the same time, it is taking extra staff. He suggested eliminating the coordinators and cutting \$400,000 for iPads.

At the end of Mr. Schweiker's comments, Mr. Cogswell noted that when the Technology Integrator positions were added, the librarian positions were consolidated.

Mr. Schweiker also commented that if the community is investing more into computers, than savings on personnel should be realized, which is what the private sector is doing.

Mr. Cogswell closed the public hearing at 7:23 p.m.

Respectfully submitted,

Tom Croteau, *Secretary*