Date: April 20, 2016

Finance Committee members: Tom Croteau, Chair, Nathan Fennessy, Jim Richards

Other Board member(s) present: Clint Cogswell, Maureen Redmond-Scura

Committee member absent: Barb Higgins

Administrators: Terri Forsten, Jack Dunn

Tom Croteau called the meeting to order at 6:20 p.m.

Goals review

The committee reviewed the goals that had been set by the Board at its January retreat. The committee agreed that these goals are relevant to its work for the upcoming year.

- Maintain a careful balance of quality education (teachers, staff, administrators, buildings, programs and equipment) to keep taxes stable, avoiding tax spikes.
- Develop long-term strategies for minimizing long-term liabilities
- Invest by making proper contributions to trust accounts

Technology discussion

Business Administrator Jack Dunn consulted with the District’s financing advisor who advised that, if the Board is considering a bond in the near future, it would be best to keep funds in savings. The advisor thought it was a creative way to fund technology, if the Board does not have a need to bond in the near future. Mr. Dunn recommended that the Board use conventional financing for next year’s technology, instead of using its stabilization fund.

Concord Steam update

Mr. Dunn conveyed that the PUC staff was not able to recommend that the PUC Board approve the contract that was submitted, for several reasons. Committee members asked several questions. Mr. Dunn proposed scheduling a meeting in the near future to further discuss options, since this is an ongoing contract negotiation.

Nathan Fennessy asked how long the PUC had the contract before it denied support; Mr. Dunn replied that the PUC received the contract in January.

Bonding history

Mr. Dunn reviewed several bonds that the District has had since 1988.

The following were issued jointly with the City:

- 1987-88 – Rundlett Middle School – addition and expansion
$4,684,000 (1987)
$4,865,000 (1988)
- 1995 – Concord High School – addition and expansion
  $32,000,000 (2 issues)
  $22 million – to be paid off in FY15
  $9 million – to be paid off in FY18
- 2001 – various projects - buses and building repairs
  $1,000,000

The following bonds were District-issued:

2009 – Rundlett Middle School - HVAC upgrade project
  $4.3 million – Qualified School Construction Bond (QSCB) – 0% interest after rebate

2010 – Elementary consolidation and 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
  Difference between authorized and borrowed - *future meeting*

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The School Board has bonded independently and has also bonded with the City over the years. The City tends to move forward with bonds every year; the School Board tends to bond every 10 years or so. Mr. Dunn showed declining debt service debt.

Bonding structure options

Mr. Dunn described several available bond structures:

  - Level Debt – similar to a mortgage payment
  - Equal Principal – the most advantageous, as debt payments decline
  - Hybrid Structure – tends to look good in the beginning; debt then builds

Planning scenario

Mr. Dunn provided an overview of two different bond options, using equal principal – this overview was for planning purposes only. This overview covered 15-year and 30-year bond plans.
Mr. Dunn described a possible scenario; the potential impact if the Board were to consider an $8.5 million bond; and then spoke about the possibility of a middle school building project.

Mr. Fennessy asked several questions about different options for financing projects.

Mr. Cogswell asked for a spreadsheet that includes what the costs would be without building aid. The Committee agreed that it is somewhat likely the District may need to go forward without the benefit of building aid.

Mr. Fennessy suggested that a joint Finance/Capital Facilities Committee meeting be scheduled to consider all the building projects to support the other schools (RMS aside).

In response to a question from Tom Croteau about the RFP for RMS and when the Board would know more about recommendations for RMS, Mr. Dunn noted that the RFP is due back in September, and solid recommendations could be established one year from now. Mr. Croteau asked whether that is too late for the 2018 budget. Mr. Dunn noted that the Board could move forward with a bond to support the three older building projects in summer 2017.

Jim Richards recommended that the Committee be cautious as it makes decisions, to be flexible about options. Committee members expressed their commitment to provide equitable facilities for all students.

Mr. Dunn reviewed the process from 2014. He outlined the process for the Finance Committee to assure the administration’s experience with these processes and readiness to move forward with a bonding process. He assured the Committee that the District's rating is very strong.

Wireless temperature gauge

Mr. Dunn showed the new temperature sensors for all of the freezers, which have been installed in the schools.

The Committee voted 3-0 to adjourn (motioned by Mr. Richards, seconded by Mr. Fennessy).

The Committee adjourned at 7:10 p.m.

Respectfully submitted,

Terri Forsten, Recorder