Concord School District
Capital Facilities Committee Minutes

School Board Committee: Capital Facilities/Finance Committee Meeting
Date: August 20, 2012

Committee members present: Clint Cogswell, Chair, Nick Metalious, Bill Glahn, Chris Casko

Other Board member/s present: Kass Ardinger, Barbara Higgins, Elizabeth Hoadley

Administration: Matt Cashman, Chris Rath, Jack Dunn

Other: Rich Hayden, Keith McDonald, Rita Walsh and Janice Manayek (Stratford Capital Group)

Clint Cogswell called the meeting to order at 5:35 p.m. and introduced Rich Hayden, executive Vice President of Stratford Capital Group, Peabody, Massachusetts, to present a proposal for the reuse of Walker School. Mr. Hayden proposed adding 16,000 square feet onto Walker School, which is now about 30,000 square feet, and using the space for 41 affordable senior housing apartments. The proposal budget offers $12,500 per unit, up to $512,500 for the whole building and land if all 41 units are approved by the City of Concord. The renovations would follow National Park Service guidelines for historic preservation and existing playground preservation, and would be a “green” building. The Stratford Capital Group was the only developer to respond to a request for proposals for Walker School reuse.

Financing could come from low-income housing tax credits, federal historic tax credits, community development finance authority funds, NH finance authority funds, construction and/or permanent loans. Stratford Capital’s plan is to use these funds to be ready for construction in the spring of 2014. The next opportunity to apply for tax credits is September, 2013, so the sooner the board can give the Stratford Group an answer, the more details they will have for the next step, and the better off the project will be to obtain funding.

Stratford Capital’s assistant vice president, Keith McDonald, stated the company is also interested in redesigning the plans, which are based on a feasibility study by District consultant Michael Castagna, to accommodate more units and make the project more profitable.

If the Board were to enter into a purchase and sales agreement with Capital, the company would begin in-depth studies of the market and environment, and begin the zoning and planning process with the City.

The Committee did not make any recommendation on the proposal at this meeting.
Jack Dunn presented estimated costs of the three new elementary school buildings. Abbot-Downing, Christa McAuliffe and Mill Brook Schools cost $53.2 million to build, $1.8 million less than the $55 million bond sold in 2010, and $8.8 million less than the original budget of $62 million. The $53.2 million includes estimated final invoices for landscaping and furniture, and includes $2.1 million in upgrades to materials the Board chose at the beginning of construction to increase the longevity and sustainability of the buildings. In the spring of 2012, the Board committed to spending $1.5 million of the $55 million to renovate Dewey School to be the permanent home of the District’s offices.

Before construction began, school officials estimated building costs could be as high as $62.5 million, and in 2010 the Board authorized borrowing up to that amount. Mr. Dunn reported that timing, economies of scale, favorable bond markets, detailed drawings, and planning and oversight by District staff and the Board contributed to the lower construction costs. He stated that change orders on a project such as this would result in a school district going way over budget. This has happened in other areas of the state, but not in Concord.

The total bill for the new schools, after interest payments, costs of purchasing the land and buildings, and construction, adds up to $90.8 million. With the state building aid program paying 43 percent of most costs, the District’s share of the costs is $31.35 million in principal and $33.4 million in interest.

In 2005, the Board voted to raise $3.2 million each year for current debt and future projects. As the District paid off debt, the difference between what is still owed and the $3.2 million cap went into a savings account for the future elementary school project. Board members said that fund will be drawn to keep the tax impact as low as possible.

- In 2011, the owner of a house assessed at $250,000 paid $240.00 for the $3.2 million debt and savings payment.
- The elementary school construction project will increase the District’s debt level for three years, from 2014-2016.
- In 2014, the debt portion of the tax bill will be $312.50, an increase of $72.50 due to the project.
- In 2015, the debt portion of the tax bill will be $337.50, an increase of $97.50 over current levels, due to the project.
- In 2016, it will be $250.00, an increase of $10.00 over current levels, due to the project.
- After 2016, barring any future bonds, the District debt will return to $3.2 million and gradually decrease.

The projected tax impact calculation does not include the potential effect of using the bond premium of about $1.9 million the District received because of favorable market conditions when it sold the construction bond in 2010.
Mr. Dunn reported that the premium is not a loan that the District must repay, and there is no interest to pay on it. Under federal restrictions, the premium can either be used for further construction projects with no additional tax impact, or to pay down the principal of the bond after all the work on the project is completed.

Kass Ardinger stated that if the Board votes to use the premium to lower the principal, the tax impact of the project could be erased entirely.

Mr. Dunn, Ms. Ardinger, and Mr. Glahn praised the hiring of Matt Cashman because of his experience in private sector construction projects.

    The committee adjourned at 6:45 p.m. (motioned by Clint Cogswell, seconded by Betty Hoadley).

Clint Cogswell, Chair

Matt Cashman, Recorder