

Special School Board Meeting
Wednesday, June 7, 2017
ESC Boardroom
6:00 P.M.

AGENDA

- I. Roll call of members
- II. Views and comments by the public
- III. Discussion/Action – Resolution No. 334 to Exceed Revenue Limit on Non-Recurring Basis (Debt Service Payments on Energy Efficiency Measures) – Bradford High School Project
- IV. Discussion/Action - Resolution No. 335 to Exceed Revenue Limit on Non-Recurring Basis (Debt Service Payments on Energy Efficiency Measures) – Tremper High School Project
- V. Discussion – PLC/Prep Time Teacher Survey Results
- VI. Adjournment

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Kenosha Unified School District
Kenosha, Wisconsin

June 7, 2017

**Resolution No. 334 to Exceed Revenue Limit on Non-Recurring Basis
(Debt Service Payments on Energy Efficiency Measures)
- Bradford High School Project**

**Resolution No. 335 to Exceed Revenue Limit on Non-Recurring Basis
(Debt Service Payments on Energy Efficiency Measures)
- Tremper High School Project**

At the April 25, 2016, regular School Board meeting, the Board approved a proposal to implement a Phase II series of energy efficiency projects using the energy efficiency revenue limit exemption based on the provisions in 2011 Wisconsin Act 32 and subsequent legislation.

Phase II consists of a series of projects as detailed in the May 10, 2016, report presented by Mr. Patrick Finnemore, Director of Facilities. These projects are being performed over a six year time period and the administration is working closely with the District financial advisor, PMA Securities, Inc. to time the issuance of debt to align with project spending needs.

The first bond sale was unanimously approved by the Board on June 28, 2016, in the amount of \$28,495,000 to provide the necessary funds to complete the first project which includes Bullen Middle School and Lance Middle School. Coinciding with project progression, on March 28, 2017, the Board approved funding projects 2 and 3 with a combination of General Obligation School Improvement Bonds and a State Trust Fund Loan. The State Trust Fund Loan was approved by the Board of Commissioners of Public Lands in the amount of \$16,355,000 at their meeting held on April 18, 2017. The final piece of funding in the form of General Obligation School Improvement Bonds, Series 2017 A/B. was approved by the Board on May 23, 2017. The State Trust Fund Loan and bonds complete the debt issuance needed for the Phase 2 series of energy efficiency projects.

Section 121.91(4)(o)1. of the Wisconsin Statutes provides that, upon the adoption by a school board of a resolution to do so, the District's revenue limit may be increased by the amount spent in that school year on a project to implement energy efficiency measures or to purchase energy efficiency products, including the payment of debt service on bonds or notes issued to finance an Energy Efficiency Project. Due to the adoption of new emergency rules issued by the Department of Public Instruction (DPI) at the end of September, 2015, school boards no longer need to pass a resolution to exceed revenue limit for the net debt service amount each and every year of the debt service; rather they can pass a resolution that encompasses all future related debt payments.

Administrative Recommendation

The attached resolutions to exceed the revenue limit for 20 years, on a non-recurring basis, are for the purpose of servicing debt issued to finance Projects 2 and 3 of the previously approved Energy Efficiency Projects in Phase II.

Administration requests that the Board approve Resolution No. 334 to Exceed Revenue Limit on Non-Recurring Basis (Debt Service Payments on Energy Efficiency Measures) - Bradford High School Project and Resolution No. 335 to Exceed Revenue Limit on Non-Recurring Basis (Debt Service Payments on Energy Efficiency Measures) - Tremper High School Project.

Dr. Sue Savaglio-Jarvis
Superintendent of Schools

Tarik Hamdan
Chief Financial Officer

RESOLUTION NO.334 TO EXCEED REVENUE LIMIT ON NON-RECURRING BASIS

Debt Service Payments on Energy Efficiency Measures - BRADFORD HIGH SCHOOL PROJECT

Be it resolved that the School Board of the Kenosha School District No. 1 is exercising its taxing authority under s. 121.91 (4) (o), Wis. Stats., on or before October 1st, to exceed the revenue limit on a non-recurring basis by an amount the District will spend on principal and interest payments for debt issued for new energy efficiency measures and energy efficiency products for the 2017-18 school year.

The projects are financed with \$30,140,000 G.O. Corporate Bonds and a \$16,355,000 State Trust Fund Loan, both dated June 15, 2017 for terms of 20 and 10 years, respectively.

The amounts to be expended, which represent the portion of those debt issues allocated to the **Bradford High School Project**, are shown below.

| <u>Levy</u> <u>Year</u> | <u>Year</u> <u>Due</u> | <u>Amount</u> |
|----------------------------|---------------------------|---------------|
| 2017 | 2018 | \$919,493 |
| 2018 | 2019 | \$887,182 |
| 2019 | 2020 | \$1,148,341 |
| 2020 | 2021 | \$1,567,176 |
| 2021 | 2022 | \$1,568,541 |
| 2022 | 2023 | \$1,566,372 |
| 2023 | 2024 | \$1,966,956 |
| 2024 | 2025 | \$1,968,799 |
| 2025 | 2026 | \$1,969,539 |
| 2026 | 2027 | \$1,968,671 |
| 2027 | 2028 | \$1,798,625 |
| 2028 | 2029 | \$1,798,625 |
| 2029 | 2030 | \$1,797,438 |
| 2030 | 2031 | \$1,797,961 |
| 2031 | 2032 | \$1,796,520 |
| 2032 | 2033 | \$1,798,803 |
| 2033 | 2034 | \$1,797,119 |
| 2034 | 2035 | \$1,798,046 |
| 2035 | 2036 | \$1,798,883 |
| 2036 | 2037 | \$1,796,941 |

After review of the recommendations report per s. 66.0133 (2) (b), Stats., the District has determined that the \$33,510,032 it would spend on energy efficiency projects recommended in the report is not likely to exceed the amount to be saved in annual utility costs of \$65,867 and non-utility costs of \$1,724,940 over the remaining 50-year useful life of the facility to which the measures apply.

The Board has entered into a 20-year performance contract under s. 66.0133, Stats., with McKinstry for a project to implement the following energy efficiency measures or to purchase energy efficiency products. The Board has also identified the following cost recovery performance indicators to measure energy savings and/or operational savings for each measure or product, including the timeline for cost recovery:

Please See Attached Cost/Savings Analysis (BRADFORD HIGH SCHOOL)

The Board shall annually perform an evaluation of the performance indicators and shall report to the electorate as an addendum in the required published budget summary document per s. 65.90, Wis. Stats., and in the school district's newsletter or in the published minutes of the school board meeting. The Board shall use this evaluation to determine the amount of energy or utility cost savings, as a result of the project, that shall be applied to retire the debt.

RESOLUTION NO.335 TO EXCEED REVENUE LIMIT ON NON-RECURRING BASIS

Debt Service Payments on Energy Efficiency Measures - TREMPER HIGH SCHOOL PROJECT

Be it resolved that the School Board of the Kenosha School District No. 1 is exercising its taxing authority under s. 121.91 (4) (o), Wis. Stats., on or before October 1st, to exceed the revenue limit on a non-recurring basis by an amount the District will spend on principal and interest payments for debt issued for new energy efficiency measures and energy efficiency products for the 2017-18 school year.

The projects are financed with \$30,140,000 G.O. Corporate Bonds and \$16,355,000 State Trust Fund Loan, both dated June 15, 2017 for terms of 20 and 10 years, respectively.

The amounts to be expended, which represent the portion of those debt issues allocated to the **Tremper High School Project**, are shown below.

| <u>Levy</u> <u>Year</u> | <u>Year</u> <u>Due</u> | <u>Amount</u> |
|----------------------------|---------------------------|---------------|
| 2017 | 2018 | \$882,357 |
| 2018 | 2019 | \$851,350 |
| 2019 | 2020 | \$1,101,961 |
| 2020 | 2021 | \$1,503,880 |
| 2021 | 2022 | \$1,505,190 |
| 2022 | 2023 | \$1,503,109 |
| 2023 | 2024 | \$1,887,513 |
| 2024 | 2025 | \$1,889,282 |
| 2025 | 2026 | \$1,889,992 |
| 2026 | 2027 | \$1,889,160 |
| 2027 | 2028 | \$1,725,981 |
| 2028 | 2029 | \$1,725,981 |
| 2029 | 2030 | \$1,724,843 |
| 2030 | 2031 | \$1,725,345 |
| 2031 | 2032 | \$1,723,961 |
| 2032 | 2033 | \$1,726,153 |
| 2033 | 2034 | \$1,724,537 |
| 2034 | 2035 | \$1,725,426 |
| 2035 | 2036 | \$1,726,229 |
| 2036 | 2037 | \$1,724,365 |

After review of the recommendations report per s. 66.0133 (2) (b), Stats., the District has determined that the \$32,156,617 it would spend on energy efficiency projects recommended in the report is not likely to exceed the amount to be saved in total utility costs of \$1,399,259 and non-utility costs of \$32,105,672 over the remaining 40-year useful life of the facility to which the measures apply.

The Board has entered into a 20-year performance contract under s. 66.0133, Stats., with Nexus Solutions, LLC for a project to implement the following energy efficiency measures or to purchase energy efficiency products. The Board has also identified the following cost recovery performance indicators to measure energy savings and/or operational savings for each measure or product, including the timeline for cost recovery:

Please See Attached Cost/Savings Analysis (TREMPER HIGH SCHOOL)

The Board shall annually perform an evaluation of the performance indicators and shall report to the electorate as an addendum in the required published budget summary document per s. 65.90, Wis. Stats., and in the school district's newsletter or in the published minutes of the school board meeting. The Board shall use this evaluation to determine the amount of energy or utility cost savings, as a result of the project, that shall be applied to retire the debt.

Use to collect information for resolution to exceed the revenue limit for energy efficiency projects.

| | |
|---------------------------------------|---------------------------------|
| Name of School District | Kenosha Unified School District |
| Name of Qualified Contractor | Nexus Solutions |
| Contract Length (years) | 20 |
| Total Project Cost* | \$22,768,357 |
| Total Project Payback Period | 19.2 |
| Years of Debt Payments | 20 |
| Remaining Useful Life of the Facility | 40 |

| SUMMARY COST/SAVINGS ANALYSIS | | | | | | | |
|--|---------------------|---------------------------|--|---------------|---|---|------------------|
| PROJECT EXPENDITURES | | | | Payback Years | PROJECT COST SAVINGS | | |
| Specific Energy Efficiency Measure or Products | Project Cost | Financing Cost (Interest) | Total Project Cost Including Financing | Cost/Savings | Total Average Annual Utility Cost Savings Over Term | Total Average Annual Non-Utility Cost Savings Over Term | One-time Savings |
| HVAC & Control Replacement | \$11,845,848 | \$4,884,491 | \$16,730,339 | 21.6 | \$20,694 | \$750,076 | \$45,000 |
| Lighting & Ceiling Replacement | \$2,590,203 | \$1,068,039 | \$3,658,241 | 16.9 | \$42,683 | \$172,761 | \$7,500 |
| Window & Door Replacement | \$2,533,205 | \$1,044,537 | \$3,577,742 | 26.6 | \$2,031 | \$132,506 | \$0 |
| Electrical System Modifications | \$1,795,011 | \$740,151 | \$2,535,162 | 16.6 | \$73 | \$152,916 | \$0 |
| Plumbing System Modifications | \$2,637,829 | \$1,087,677 | \$3,725,506 | 18.6 | \$3,413 | \$196,407 | \$0 |
| Roofing Replacement & Repairs | \$768,176 | \$316,748 | \$1,084,924 | 13.8 | \$725 | \$78,063 | \$0 |
| New Vestibules and Secure Entrances | \$598,088 | \$246,615 | \$844,703 | 7.0 | \$343 | \$119,930 | \$0 |
| Entire Energy Efficiency Project * | \$22,768,360 | \$9,388,257 | \$32,156,617 | 19.2 | \$69,963 | \$1,602,659 | \$52,500 |

| Cost Saving(Recovery) Performance Indicators and Measures | | | | | |
|---|--------------|---|--------------|----------------------------|--------------|
| Annual Operational Savings | | Annual Capital Cost Avoidance | | One-Time Savings | |
| Description | Cost Savings | Description | Cost Savings | Description | Cost Savings |
| Reduced maintenance and repair costs | \$16,200 | Labor, Maintenance & Repair, Increased Productivity | \$514,270 | Focus on Energy Incentives | \$45,000 |
| Reduced maintenance and repair costs | \$12,945 | Labor, Maintenance & Repair, Increased Productivity | \$109,235 | Focus on Energy Incentives | \$7,500 |
| Reduced maintenance and repair costs | \$3,702 | Labor, Maintenance & Repair, Increased Productivity | \$90,010 | | |
| Reduced maintenance and repair costs | \$3,240 | Labor, Maintenance & Repair, Increased Productivity | \$104,906 | | |
| Reduced maintenance and repair costs | \$2,268 | Labor, Maintenance & Repair, Increased Productivity | \$136,636 | | |
| Reduced maintenance and repair costs | \$1,602 | Labor, Maintenance & Repair, Increased Productivity | \$53,605 | | |
| Reduced maintenance and repair costs | \$0 | Labor, Maintenance & Repair, Increased Productivity | \$84,817 | | |
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