

A SPECIAL MEETING OF
THE KENOSHA UNIFIED SCHOOL BOARD
HELD MAY 21, 2013

A special meeting of the Kenosha Unified School Board was held on Tuesday, May 21, 2013, at 4:00 P.M. in the Board Meeting Room at the Educational Support Center. The purpose of the meeting was for Discussion on the Energy Efficiency and Security Project Proposal and Discussion on the Budget Process.

The meeting was called to order at 4:02 P.M. with the following members present: Mrs. Taube, Mr. Flood, Mr. Nuzzo, Mrs. Snyder, Mrs. Coleman, Mr. Bryan, and Ms. Stevens. Dr. Hancock was also present.

Ms. Stevens, President, opened the meeting by announcing that this was a special meeting of the School Board of the Kenosha Unified School District No. 1. Notice of this special meeting was given to the public by forwarding a copy of the notice to all requesting radio stations and newspapers.

Mr. Patrick Finnemore, Director of Facilities, presented the following information pertaining to the Energy Efficiency and Security Project Proposal submitted by Mr. Finnemore; Mrs. Tina Schmitz, Chief Financial Officer; Mrs. Sheronda Glass, Executive Director of Business Services; and Dr. Hancock, excerpts follow:

“2011 Wisconsin Act 32

2009 Wisconsin Act 28 was developed with the intent to provide a mechanism for school districts to fund quick payback energy efficiency projects outside their revenue limit and use the energy savings to “pay back” the funds used for the capital improvement. In almost all cases the projects implemented as a result of Act 28 were small (under \$100,000) projects with paybacks in the range of less than 2 years. 2011 Wisconsin Act 32 modified the law to include payment of debt service on bonds issued to finance the energy efficiency projects provided:

- The projects result in energy or operational cost reductions or avoidance,
- The projects are completed through the use of a performance contract as governed by State Statute 66.0133, and
- The bonds or notes used to finance the project are issued for periods not exceeding 20 years.

The original law was focused generally around smaller school districts that could not fund the smaller energy efficiency projects that KUSD implements every year. The change in the law provides an opportunity for KUSD to implement large energy efficiency projects that we would not otherwise be able to fund and/or projects that would not be funded for many years in a one or two year window.

Identification of Schools

In identifying schools to include for energy efficiency improvements, we selected the eight lowest EPA Energy Star Rated schools in the District and the only schools with a rating lower than 70. These schools and their Energy Star Ratings are:

- Bose – 68
- Forest Park – 48

- Grant – 64
- Grewenow – 53
- Harvey – 59
- Jeffery – 62
- Roosevelt – 64
- Vernon – 39

We decided to add Jefferson Elementary to the mix of schools because it is a sister school of Grant and the two schools have similar problems that can be corrected. Jefferson does have a different layout and a smaller footprint which helps with its Energy Star rating of 76.

Identification of Projects

Once the schools were identified, we reviewed all of our capital project, maintenance and energy data as well as performed a detailed walkthrough of each of the buildings to identify potential energy savings projects. Those projects were evaluated to determine the capital investment needed, potential energy savings, and other benefits related to each project. A detailed scope of work was developed for each school and that information is summarized in Attachment 2 of this report. The scope of work for each school differs due to the design and operation of the building, but in general the projects include:

- HVAC Systems – Boilers, ventilation systems, etc.
- HVAC Control Systems
- Lighting – Interior and Exterior
- Roofing
- Exterior Walls/Windows
- Creation of Vestibules at Entrances

The estimated cost for the projects at

time because of the number of projects included in this scope that would otherwise be funded by major maintenance. The traditional major maintenance budget for KUSD is \$2,000,000 per year with \$500,000 of that money being used to pay off the loan used to fund the Reuther masonry restoration project. We are proposing a reduction of the major maintenance budget of \$500,000 per year for 3-4 years. The second portion of this report provides a recommendation on how this money should be used for the benefit of our students, staff and public.”

Ms. Michele Wiberg, Director of Wisconsin Public Finance at PMA Financial Network, Inc., presented the following information pertaining to the Energy Efficiency and Security Project Proposal:

“Financing

As mentioned in (1.) above, 2011 Wisconsin Act 32 allows school districts to issue bonds or notes to finance the energy efficiency projects.

The proposed energy efficiency projects total \$16,689,540. If KUSD wishes to finance these projects with long-term debt, the debt can be issued under revenue limits in Fund 38. Debt issued in Fund 38 does not require a referendum, but does require a 30-day petition period. Further, if the maturity of the debt exceeds ten years, a Public Hearing is also required.

The process for issuing Fund 38 debt would begin with an Initial Resolution. Upon Board approval of the Initial Resolution, a Notice to Electors is published in KUSD’s official newspaper. Within 10 days of publication of the Notice, a Public Hearing is held for informational purposes. From the date of the Public Hearing, the electorate has 30 days to file a petition to stop the process. The petition must be signed by 20% of the school district electors (as determined by the number of voters at the last gubernatorial election), or 7,500 electors, whichever is less.

If no petition is filed, KUSD can issue the bonds to finance the projects. If the three parameters defined in 2011 Wisconsin Act 32 are met (as defined in (1.) above), the KUSD Board can levy for the debt service on the bonds outside revenue limits (energy efficiency exemption). The decision regarding the levy will be made on an annual basis, and future KUSD elected officials will make that determination.

On a preliminary basis, we are contemplating a 20-year bond issue with a “wraparound” structure. As shown on Attachment 4, this methodology attempts to minimize the tax impact by taking advantage of the future decreases KUSD’s debt service payments, which decrease slightly in 2016 (approximately \$700,000) and then dramatically in 2017 (a decrease of over \$5,000,000). This structure may make that annual decision easier as it likely will have a minimal impact on the overall tax levy.

Lastly, KUSD also has an opportunity to refinance the 2002 Bonds. As shown on Attachment 5, the estimated savings associated with the refinancing is over \$225,000, or approximately \$75,000/year in 2014-2016. To create efficiency in issuance costs, the refinancing could be done in conjunction with the energy efficiency financing.”

Mr. Finnemore concluded the presentation of the Energy Efficiency and Security Project Proposal with the following information:

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Overall Cost Estimate:

- Camera Systems \$190,800
- Security Head-End System \$259,725
- Common Software System \$162,000
- Door Bells \$ 2,250
- VoIP Phones \$800,000
- Singlewire \$ 66,735/18,900
- Total One-Time Costs \$1,500,410
- \$15,000 in annual licensing fees

Our recommendation is to couple the security system upgrades with the Act 32 energy efficiency projects and associated reduction in the major maintenance budget. The \$500,000 per year reduction in the major maintenance budget would allow for the security upgrades to be implemented in a three-year period without the need to find a funding source within the general fund.”

Mr. Finnemore and Mrs. Wiberg answered questions from Board members.

Mrs. Tina Schmitz, Chief Financial Officer, gave a PowerPoint presentation on the Annual Budget Process which covered the following topics:

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