

MASCONOMET REGIONAL SCHOOL DISTRICT  
20 Endicott Road, Boxford, MA 01921

**District Capital Investment Funding Mechanism Task Force Meeting**

January 31, 2019, 7:00 p.m. - Masconomet Administration Building

MINUTES

Present: David Rivers—Chair; members Kosta Prentakis, Susan Givens, alternate Zillie Bhujji (filling in for John Spencer), Barbara Jessel (Boxford selectwoman), John Erickson (Middleton FinCom co-chair), Dana Warren (Topsfield FinCom member)

Absent: John Spencer

D Rivers called Regular meeting to order at 7:05 p.m.

S Givens reminded the task force of facility plans since 2006, and noted that there have been more repairs over time. The Habeeb report was commissioned in 2016 - knowing that Masconomet's bonds would be expiring, and that it would be an opportune time to phase in replacement bonds for repairs. The Habeeb report was published January 2017.

S Givens said that the way state aid on the existing bond measures worked (it doesn't work this way anymore) is that the state would pay a percentage of the bond (principal and interest) in the form of reimbursements that lag about a year behind our outlay.

Regarding the final reimbursements, after the bonds are actually paid off, J Erickson asked if the reimbursements could go into the Masconomet stabilization fund. S Givens said that should be its own separate conversation - we have multiple options; returning the funds to the towns would be another, for example.

S Givens reviewed the construction phasing rough draft to bring members up to speed on the scope of administration's recommendations. She reiterated that Masco would seek state funding wherever applicable - for roofs, HVAC, lighting, controls, etc.

B Jessel said that Mary Anne Nay works for Senator Tarr, and is asking what kind of state reimbursement we might be able to get. She also pointed out the potential availability of \$250K from Boxford and Topsfield per year, from the Green Communities grants - though not sure to what degree it can be organized, or how it could apply to different projects in subsequent years.

S Givens said that Masco wasn't able to partner with Boxford because we had applied for projects that made sense, but weren't enough total savings to meet the participation threshold. In spec'ing the report, we didn't ask Habeeb for ROI measures for energy efficiency, and it turned out that the information we have wasn't adequate for the Green Community application - it needed to be deeper and more complex. The application is therefore in limbo, waiting to hear from Neil at the Green Community. For the program, HVAC work needs to meet a 20% energy reduction, which requires another deeper study. B Jessel said that where there's a potential opportunity, we want to make the best possible use of it. S Givens agreed and will be meeting with the Sustainability Committee in Boxford on February 4.

Z Bhujy noted that Topsfield Green Communities effort needs to work with us in the same way.

D Warren asked if there would be funds available from National Grid. S Givens said yes, and that it would be worth doing, but that it would not come in at the scale of our historic state funding. Often the incentives are to increase efficiency of existing equipment. In our case however, we're replacing the entire system, not just working with existing system. S Givens said that there are different programs all the time - we will track them and work with them as opportunities become available.

S Givens postulated that we could keep the assessments to the towns at the current levels as the bonds are paid off, before starting a new round of bonds - and end up with about \$5.5M by the time we would go to bond.

D Rivers framed the work as one big project rather than three smaller ones, to simplify and increase chances of success.

D Warren said we can't expect that the towns will support the current level of assessment.

B Jessel likes the idea of a flat level of assessment - it keeps the towns' expectations constant, at least for the near future. She said that she is not eager to see the numbers go down, and then back up.

K Prentakis said that Middleton has a policy to cap its debt service. If Masconomet's capital project will cost \$40M, Middleton's share would be over \$10M. If Middleton has a \$3.3M cap (15% of operating budget is the policy), and already has \$1.4M in debt service, it wouldn't leave a lot of room for other things.

D Warren said that Topsfield would have peaking bond loads in 2023-24; after that would be a better time for bonds to start phasing in.

S Givens said that we could band for several years, saving a lot of interest up front.

K Prentakis said for the flat-assessment model, we would need warrants to maintain the assessment - two overrides - and a second warrant for the bond, when it occurs.

D Warren said that we need to find a middle ground for all of us.

B Jessel said that since the flat-assessment would not be used for debt, we wouldn't need 2/3 vote for first few years, whether a prop 2 1/2 override or not. in Boxford, it's hard to get 2/3 in town meeting for anything. We will need it when it's time for the major bondable part of the project. Have to put a number on the project, or else people assume the cost number is much higher.

D Warren said that there are so many other competing pressures other than the schools, and that Topsfield wants to satisfy both school and non-school.

S Givens could band for construction in 2022-23, and bond when it makes sense, in phases - could use it to chase interest rates. B Jessel noted that S Givens refinanced the existing bonds - S Givens said that doing so saved us almost \$1M.

D Warren emphasized the need to be thoughtful about the impact on taxpayers.

K Prentakis said that our challenge is finding a point that is acceptable to all three towns.

D Warren said that the Topsfield selectmen would like to roll off some of the Masco bond capacity for other town investments.

J Erickson said that it looks like we can keep the assessment to the towns relatively level for the next four years or so. Wants to see how own plans will fit in with that.

J Erickson asked about replacement cost of the Masconomet building - is it more than the \$26M that towns originally borrowed? He wants to be able to answer taxpayer concerns in this context.

D Rivers asked if the model S Givens is proposing is one design phase, one long construction project. S Givens said that generally, yes, although designs may be updated as the project progresses.

K Prentakis asked how long it would take to do the construction. S Givens estimated 3-4 years, given that we would not be stopping school in order to do the work.

D Warren asked what the lifespan of the building is - buildings don't have as long a useful life as they used to. S Givens said that with refreshes and renovations, they can last a long time.

D Rivers asked if we need to make an ask for the capital work at this spring's town meetings - S Givens said perhaps not, except that we want to fund the stabilization fund

B Jessel asked if Masconomet tailings would keep the Masconomet stabilization fund solvent through FY20.

D Rivers asked whether we need to keep the stabilization fund healthy in order to get good bond interest rate. S Givens confirmed.

S Givens suggested that in 2020, we try to accomplish the design service work, and go to the towns for funding in 2021 - this could mark the start of the banding, or bonds.

B Jessel asked if next year, we ask for design funds, while keeping the assessment level to the towns constant, and use the proceeds to boost the stabilization fund - S Givens said that it could work, need to think about it.

K Prentakis proposed looking at overrides - perhaps put \$800K into stabilization and structure an ask such that the stabilization fund could be used for design going forward.

B Jessel suggested that we might be better off asking for stabilization this year, because it would be harder to get design plus stabilization in the same year next year.

B Jessel couched this proposal as being a little more "band-aid" money to get us where we need to be. K Prentakis likened it to being insurance on getting the work funded. B Jessel agreed.

B Jessel said that we need to maintain reserve funds to maintain this building until we get to the renovation - this concept would be well received in Boxford.

K Prentakis said that the stabilization fund is not designed for specific maintenance projects - it's just to cover unexpected expenses.

B Jessel suggested that we spell it out for people so that they can understand how its used. K Prentakis proposed \$450K, being half of the ask that Masconomet had been considering for design work. S Givens said that would be good, along with tailings.

B Jessel said an amount like that, after apportionment, could come out of towns' free cash.

D Warren asked what other resources we have. S Givens said we have E&D ("END" Excess and Deficiency), but that she's not sure what its value is currently certified at - that's it.

B Jessel asked for a first cut stabilization number: S Givens estimated \$170K for Boxford, \$160K for Middleton, \$120K for Topsfield. Members nodded in approval.

Consent Agenda: members deferred approval of Minutes from 01-17-2019 to a future meeting, as some members had not reviewed.

8:58 D Rivers adjourned the meeting.

Upcoming meetings:

March 7, 2019 7:00 p.m. Administration Building

Minutes recorded by David Rivers.

Minutes approved March 7, 2019