

Minutes – Acton Finance Committee

October 27, 2009, 7:30p.m.

Room 204

Town Hall

Pursuant to a notice duly posted with the Town Clerk and with a quorum of members present, the Acton Finance Committee convened at 7:30 p.m. on October 27, 2009 to review various matters.

Members present for the meeting: Herman Kabakoff, Chair, Mary Ann Ashton, Vice Chair, Bill Mullin, Clerk, Pat Clifford, Pat Easterly, Bob Evans, Steve Noone, Kent Sharp, Doug Tindal, Brandy Brandon, Associate Member and Karen Kucala, FinCom, Staff Liaison.

Chairman Herman Kabakoff called the meeting to order at 7:30pm.

Public Participation

None.

Approval of Minutes

None.

Status of Solar Panel Project

JD Head, Director of Facilities for Acton/Boxborough Regional School District made a presentation about the recent solar panel project that is being undertaken at ABRSD, Acton Public Schools and the Town. The quick summary deal is that we (all three operating entities) provide space on our public buildings for a private company to install and operate solar panels for the generation of power. We pay a reduced price for power in exchange for allowing the use of our facilities. The private company's capital investment is subsidized by the state government and there are additional tax credits (such as Renewable Energy Credits) that flow through to the benefit of the private vendor.

Mr. Head detailed the process of soliciting bids and selecting the winning vendor, NexAmp. While the savings are modest in the first year (approximately \$12k at the ABRSD and APS), the total benefit over the life of the 20 year contract could reach about \$150,000, depending upon many variables, most especially volatile commodity prices.

A lengthy series of questions and answers followed due to the topic being so interesting as a business opportunity for both our Municipality as well as the private company. All FinCom members asked questions and a summary of Mr. Head's answers follow. Note: for purposes of these notes, NexAmp is listed as "vendor" and the ABRSD and APS are listed as "contractor".

- The term of the contract is 20 years, with a 5 year option to extend held by the contractor.
- The vendor is financing the purchase with their own cash and state subsidies; there is no external financing.
- With respect to collateralized security, the agreement does not prohibit the vendor from providing a security interest in the equipment. However, there is none at this time.

- The agreement allows the vendor to sell the equipment to another party subject to prior approval of the contractor.
- A buyout of the contract is handled through an arbitration process to determine value.
- The vendor is a turnkey company, comprised of seasoned executives in the fields of solar power generation and governmental policy with respect thereto.
- The first year savings is approximately \$12k. The projected average annual savings is \$25k.
- In context, the outputs are approximately 1/3 of the Douglas School's power needs and roughly 10% of the overall contractor's power needs.
- The vendor's bid was so low, as compared to the other bids, due to their own business model. Mr. Head re-emphasized that the vendor's representatives were directly involved in developing the state program of subsidy and seemed to know more than others about the opportunities for other credits.
- The contract should be "locked down" in the next few days. Construction will begin soon, although the Douglas School installation will follow the planned and approved roof replacement project.
- The contract will also be reviewed by Green Advisory Board member Attorney Mary Smith, who is considered an expert in this type of contract with direct responsibilities in this field with Harvard University.
- Mr. Head was not familiar with any other similar vendor relationship with the contractor.
- Third party insurance will be required. No roof penetration is allowed.

Mr. Kabakoff asked if FinCom should take any further action, such as sending a note or a letter or reviewing the contract and the consensus was that the FinCom had already sent its viewpoints and now it is up to the operating administrators to take it from here.

Subsequently, Catherine Crosby, co-chair of the Green Advisory Board clarified several points.

Discussion of Minuteman Technical High School Capital Plans

Ms. Ashton referred to her prior supplied e-mail report with respect to the meeting held on Friday, October 23 at Minuteman Technical High School. She stated that the vast amount of background information has been scanned by Town staff and posted on the Town website in the Docushare section. She clarified that the current dollar amount being discussed for the project is \$98mm, of which approximately at least 40% will be paid by the state's school building assistance funds and 60% by the member communities. The math on this would result in Acton's share being \$3.1mm, bonded over 25 years.

Dore Hunter, serving in his role as Acton's Minuteman Tech High School Committee Member also provided a report on the plans for the schools, but also discussed the background of the school and the rationale for the capital program.

Questioning and comments followed. Bill Mullin stated that he would like to hear from the AB School Committee and Administration how Minuteman fits into the overall education plan for Acton residents. Pat Easterly emphasized that there is no current action being requested; this will take place at the Annual Town Meeting. Bob Evans was astonished by the price and stated it was too high. Mr. Evans further commented that any fund sharing should not be limited to the towns which are parties to the regional agreement, but also by the towns whose children are attending the tech school. Ms. Ashton said that a sharing mechanism is being discussed to address this point. Doug Tindal opined that the school's current physical condition is a "disgrace" regardless of what one thinks about the mission and achievements. Ms. Clifford offered that the industries which are benefitting from the educational output of the school should step up and participate in the funding.

Mr. Paul Hoff spoke about his children attending Minuteman Tech and how well they and others had done with the education offered there.

ALG Meeting

Meeting was held on October 21, 2009. Mr. Kabakoff reported that the discussion was “predictable.”

Committee Reports

- Space Needs Subcommittee. Mr. Tindal reported that the subcommittee is focusing on the assets that we already have. There cannot be any grand plan in this economy. A recent plan calls for the Properties Department to be moved to the bungalow next door.
- Health Insurance Trust. Mr. Evans reported that the trust would probably have numbers before our next meeting. He expects that we will be generating a “modest deficit” which will be covered by reserves, but will flow through future calculations.
- Cost Savings Committee. Ms. Ashton reported that the committee is still working on this difficult assignment.
- Community Preservation Committee.
- Wastewater Advisory Neighborhood Task Force. Mr. Sharp reported that the committee is still working on better communication with all stakeholders and has not delved into financial matters.
- South Acton Train Station. Ms. Clifford reiterated that there is money for design of the double track.

Other Issues

In the quote of the day, Ms. Clifford reported that the Outdoor Lighting Advisory Committee had been “sunsetted”.

Adjourned

Mr. Sharp moved to adjourn (seconded by Mr. Noone) and the meeting was adjourned sometime around 10:00 pm.

Respectfully submitted by William C. Mullin, Clerk.