

Town of Spencer  
Board of Selectmen Special Meeting  
157 Main Street  
Spencer, MA 01562

June 13, 2019 Minutes

PRESENT: Mr. Woodbury (Chairman), Dr. Hicks (Vice Chairman), Ms. Berthiaume (Clerk), Mr. Pepe (at 10:55 AM)

ALSO PRESENT: Mr. Gregory (Town Administrator), Dr. Haughey (Superintendent, Spencer-East Brookfield Regional School District), Mr. Suter (Comptroller, Spencer-East Brookfield Regional School District), Ms. Braney (Chair, Finance Committee)

1. Mr. Woodbury called the meeting to order at 10:02 AM.
2. In accordance with Regulation 940, CMR 29.10 of the Open Meeting Law, Dr. Hicks announced that there will be no members participating remotely at today's meeting.
3. Dr. Haughey began a presentation providing background information on the performance contract that the Spencer-East Brookfield Regional School District ("the District") intends to execute with Siemens. The procurement for this project, and all performance contracts, follows the provisions of General Laws, Chapter 25A.

Dr. Haughey explained that the District had been having discussions to enter into a performance contract before he was hired in 2018. These discussions continued in earnest through 2018 and into 2019. The District held a public hearing on April 11, 2019 and voted, at the same meeting, to notify the member towns of the District's intent to proceed with the project. This project is of an urgent nature because the boiler at Knox Trail Middle School, which has been leaking since November, is now offline and cannot wait another season for replacement. To be able to replace this boiler in time for the 2019-2020 school year, Siemens requires that the District execute the Agreement in June.

Referencing a handout titled "Financing Plan for Siemens Performance Contract," Mr. Suter provided an overview of the financing package. The nature of the contract involves first, an investment-grade audit by Siemens, then up-front borrowing as well as the monetization of energy rebates. These sources provide the District with the ability to begin the work immediately. Because an interest rate is involved in the financing, the District is obligated to provide notice to the member towns. The member towns will be asked to begin paying an assessment in FY2022. Spencer's assessment in FY2022 will be \$52,595, followed by (7) years of payments of \$72,141, and a final payment of \$39,804. Siemens estimates that the total project cost will be a not-to-exceed amount of \$4,092,946 with \$2,184,554 in guaranteed savings over 10 years. Mr. Mark Buzzell from Siemens was present to answer specific questions.

Mr. Woodbury expressed a concern that it was not made clear that the boiler replacements at the high school were a part of this project. It was his understanding that this was a separate project.

Dr. Haughey responded that Siemens had agreed in good faith to take on the replacement of the high school boilers with the understanding that the financing would be secured in the near future. Mr. Suter explained that if Siemens had not agreed to include these boilers in the larger project, then the District would have secured a 3-year lease to fund the required boiler replacements with no obligation on the part of the member towns.

Dr. Hicks asked whether the District followed the necessary steps involved in a Ch. 25A performance contract, indicating his familiarity with such contracts. Mr. Suter explained that District followed the required steps, issuing a Request for Qualifications (RFQ), and selected Siemens after reviewing in detail all statements of qualification submitted in response to the RFQ. Mr. Suter added that the District may receive funding from the Massachusetts School Business Authority (MSBA). The District has submitted to the MSBA all of the necessary paperwork and it is currently being taken under advisement. The pro-forma budget does not include any MSBA reimbursement.

Dr. Hicks commented that Spencer has (2) more years left to pay via assessments to the District payments on the deficit-loan, so-called. Dr. Hicks advised that the savings realized after this loan is retired should be returned to the Town. The Town has operations needs that the savings would help fund. Dr. Hicks said he wished the District had notified the Board of Selectmen last fall, adding that the project should have run through the Capital Improvements Planning Committee review process in the period before Town Meeting. Mr. Suter responded saying that the District did not have the final numbers from Siemens until the investment-grade audit was finalized in April. When asked by Dr. Hicks what would happen if Town Meeting did not approve the assessment in FY2022, Mr. Gregory explained that he did not have an answer to the question, not being able to speculate about a future event. Mr. Suter explained that Town Meeting could vote down a future assessment from the District for any number of reasons, including the proposed new capital assessment.

Mr. Pepe expressed a concern that this request from the District seems rushed, particularly given everything else going on. Mr. Pepe further commented that he is disappointed with the process and the perceived lack of transparency. Mr. Suter replied that the District always posts its meetings and public hearings in accordance with the requirements of the Open Meeting Law, and did the same for this project, adding that it is out of the District's control to ensure that the public actually attend the meetings / hearings.

There was an extended discussion on the matter of transparency and the notification process.

Dr. Hicks asked Ms. Braney how the Finance Committee might react to this request by the District. Ms. Braney explained that she could only speak for herself, adding that there are many "what if's" and expressed a hope that this project would not get in the way of the high school renovation project. Ms. Braney further added that this project should be judged on its own merits. Dr. Hicks then suggested that this project be added to the next Finance Committee agenda.

On a **motion** by Dr. Hicks, **second** by Mr. Pepe, the Board **voted (4-0)** to approve a Performance Contract between the Spencer-East Brookfield Regional School Committee and Siemens, as

requested by a notice of intent letter, dated May 23, 2019, to the Town from the Spencer-East Brookfield Regional School Committee, provided however that there is compliance with the budgetary process of the Regional School District Agreement as well as applicable state law and regulations.

4. On a **motion** by Dr. Hicks, **second** by Ms. Berthiaume, the Board **voted (4-0)** to authorize the Town Administrator to execute all agreements with All American Investment Group, LLC, to lease one (1) 2019 Ford F-250 and one (1) 2020 International HD 7300 truck.
5. On a **motion** by Mr. Pepe, **second** by Dr. Hicks, the Board **voted (4-0)** to authorize Bill Krukowski, Utilities and Facilities Superintendent, to file applications and execute agreements for grant and loan assistance and to perform any actions as necessary specific to the Water Main Looping Project from the Moose Hill tank to Greenville Street.
6. Mr. Woodbury, as Chairman, declared publicly that an Executive Session is required to consider the purchase, exchange, lease or value of real property per General Laws, Chapter 30A, Section 21 (a)(6), specifically, 17 Lake Street and 42 Highland Street, the property formerly known as the Lake Street School.

On a **motion** by Dr. Hicks, **second** by Ms. Berthiaume, the Board **voted by roll call vote** (Woodbury: aye; Hicks, aye; Berthiaume, aye; Pepe, aye) to consider the purchase, exchange, lease or value of real property per General Laws, Chapter 30A, Section 21 (a)(6), specifically, 17 Lake Street and 42 Highland Street, the property formerly known as the Lake Street School, and that the Board of Selectmen will not be reconvening in open session.

There was no further business.

On a **motion** by Mr. Pepe, **second** by Dr. Hicks, the Board **voted (4-0)** to adjourn. The meeting adjourned at 12:00 PM.

Respectfully submitted,

Thomas Gregory  
Town Administrator

Referenced Materials

Letter from Mr. Suter to Mr. Woodbury dated May 23, 2019

Energy Management Services Agreement By and Between Spencer-East Brookfield Regional School District and Siemens Industry, Inc.

Financing Plan for Siemens Performance Contract, dated June 13, 2019