

Three Rivers School Board of Directors met for a special session, Friday, August 14, 2009 at the District Administration Office, 8550 New Hope Road, Grants Pass, Josephine County, Oregon at 9:00 a.m.

PRESENT: Jim Weaver, Chairperson of the Board, Zone II PRESENT
Robert Litak, Member of the Board, Zone I
Dave Strahan, Member of the Board, Zone IV
Ron Litak, Member of the Board, Zone V
Dan Huber-Kantola, Superintendent-Clerk

ABSENT: Leslie Meier, Vice-Chairperson of the Board, Zone III ABSENT

Also Present: Craig Volz/McKinstry, Ryan Haggarty/McKinstry, Chris ALSO PRESENT
Bristow/McKinstry and Shelly Berry/Recording Secretary

Chairperson Weaver called the meeting to order at 9:10 a.m..

CALL TO ORDER

Superintendent Huber-Kantola presented the Resolution to Authorize QZAB Funding. The resolution authorizes the Superintendent to sign and execute the agreement with the lender in order to accept the QZAB funds. We have been working on the financing with Paul Collins out of Denver. When we first started the process with Capital One their tax credit was 8.35% that they would get. The tax credit has now dropped to 6.9%. The resolution states the maximum interest rate we would have to pay is 1.5% on the \$2 million, to help make up the difference between the 8.% that was originally there and the 6.9% that's there now.

QZAB RESOLUTION

The way that they are proposing to do it is to put the money in a SLUG fund, which is basically another government investment fund, where you put money in up front and it sits there for the fifteen year period and gains 4.35% interest. Then at the end of the term it would pay the balance that we owe.

With this loan the cost to us would be \$50-55,000 in the SLUG fund from our funds along with the first payment that we make to Capital One in order for it to net the interest to pay the final payment. The fees for doing the QZAB and the legal fees is \$10,000 in fees or Paul's work and it's \$10,000 in legal and attorney fees.

\$188,000 is the amount we need to have in the SLUG fund to get to the final payment fifteen years later. (\$133,000 first payment plus \$55,000 investment fee to the lender from us).

Bob Litak made a motion to approve resolution #09/10-03. Dave Strahan seconded.

Board Chair Weaver stated that there were still some minor issues to be worked out and the Board would be giving Superintendent Huber-Kantola the authority to handle in the future as everything clarifies.

Member Strahan asked if there is a way to simply explain what is our expected return on investment? Superintendent Huber-Kantola responded that the first return is improving the facilities in the district. The current upgrades, such as the lighting in the gyms, will take approximately eleven years to repay the cost based on energy savings. Some of the other things such as boilers, there is almost no return on the money, but the things have to be fixed. This is a way, with a very low interest loan, to make those changes. When you take the energy savings from the first energy project we did and combine it with the energy savings from this project we're still way cash ahead at the end of the term.

Board Chair Weaver called for a vote and the motion carried unanimously.

Craig Volz with McKinstry highlighted the Phase II work:

- Replacing the failing domestic hot water system at North Valley High School. There is not a lot of energy saving associated with it, but it is a capital replacement that will have to be done within the next year or two.
- Computer Lab HVAC upgrades at North Valley High School and Illinois Valley High School. The existing systems do not have the capacity to provide the cooling. It may have been adequate when there were just classrooms, but now that there are computer workstations generating extra heating. Superintendent Huber-Kantola also commented that the way the system is currently set up the air conditioning comes on and cools the room, which kick in the heater because it's too cold, and then the heater comes on and warms the room until the air conditioner kicks back on.
- Investigating the existing duct work at Illinois Valley High School. The maintenance staff has seen numerous examples of deficiencies in the system.

Board Chair Weaver gave a brief explanation to new Board member Ron Lengwin of who McKinstry is and what they do. They evaluate our systems and tell us where the deficiencies are, estimate the savings, and they do not do the work. They put the work out for bid.

Board Chair Weaver then had the McKinstry guests introduce themselves:

- Craig Volz—Project Director. Work with Chris and energy engineers on the development side to quantify the cost savings.
- Chris Bristow—Sales Engineer.
- Ryan Haggarty—Construction Manager. Helps design and build the projects.

Member Litak asked if the total estimated cost for the projects is \$1.46 million, and we authorized \$2 million for a loan, why is there the extra half-million in there?

Craig with McKinstry responded that the contingency projects are not included in the current estimate. Chris with McKinstry also stated that any unused QZAB funds can be returned.

Superintendent Huber-Kantola stated that if there were any funds left over, and they decided not to do any of the contingency projects, that he would recommend to continue with the lighting projects, as they have quickest return on investment.

Member Strahan made a motion to approve Phase II of the Energy Project. Member Litak seconded and the motion carried unanimously.

Meeting adjourned at 10:15 a.m.

Jim Weaver
Chairperson of the Board
THREE RIVERS SCHOOL DISTRICT

Dan Huber-Kantola
Superintendent-Clerk
THREE RIVERS SCHOOL DISTRICT